

## **NEWS ITEMS ON CAG/ AUDIT REPORTS**

### **1. Auditor Report Says Telangana's Kaleshwaram Project Economically Unviable (*ndtv.com*) February 16, 2024**

The Comptroller and Auditor General has come out with a damning report on Telangana's Kaleshwaram project, which says it was economically unviable from the start and details the massive cost overruns, possible undue benefits accrued to contractors and the poor planning involved.

The cost of the Kaleshwaram Project, touted as the world's largest multi-stage lift irrigation project is now likely to exceed ₹ 1.47 lakh crore, as against ₹ 81,911 crore projected to the Central Water Commission (CWC), a new report by the Comptroller and Auditor General (CAG) said on Thursday.

The report of the CAG on the performance audit of the flagship project of the previous BRS government was tabled in the legislative assembly.

The CAG also found that the project was economically unviable from the beginning.

The Kaleshwaram project has been mired in controversy, especially after some piers of the Medigadda barrage "sank" last year.

The National Dam Safety Authority (NDSA) found in November that the Medigadda barrage is severely compromised, rendering it useless unless fully renovated.

The damage to the barrage is believed to be one of the major reasons for the defeat of BRS in the recent assembly polls.

The Kaleshwaram Project is an off-shoot of the Dr B R Ambedkar Pranahitha-Chevella Sujala Sravanthi Lift Irrigation Scheme (PCSS Project) formulated by the erstwhile undivided state of Andhra Pradesh.

The executive summary of the CAG report said the Government of Telangana has not accorded administrative approval for the project as a whole and instead it has issued separate approvals -- as many as 73 administrative approvals aggregating to ₹ 1,10,248.48 crore, and that there are no orders from the government about the funding pattern for the project.

Out of the total expenditure of ₹ 86,788.06 crore incurred on the project (March 2022), an expenditure of ₹ 55,807.86 crore (64.3 per cent) was met from the off-budget borrowings (OBBs) raised by KIPCL (Kaleshwaram Irrigation Project Corporation Limited), it said.

"The possibility of undue benefit of at least ₹ 2,684.73 crore to the contractors for supply and commissioning of pumps, motors etc., cannot be ruled out. Further, post tender inclusion of price adjustment clause resulted in avoidable payment of ₹ 1,342.48 crore," it added.

The Benefit-Cost Ratio (BCR) of the project was inflated; even with the understated project cost of ₹ 81,911.01 crore, BCR works out to 0.75. Considering the latest likely project cost (Rs 1,47,427.41 crore), the BCR works out to 0.52, the report further revealed.

"This means that every rupee spent on the project would yield only 52 paise. It clearly indicates that the project was, ab-initio, economically unviable," it said.

The report stated that the peak energy demand when all the pumps are operated is more than the average daily energy availed in the entire State (2021-22). Providing power to lift irrigation schemes will pose a challenge to the State.

The absence of a comprehensive plan duly spelling out the sources of funds for a project of this scale, which will have a long-term impact on the finances of the State, is an indication of improper planning, it said.

Against targeted new Command Area of 18.26 lakh acres, the works entrusted so far (as on March 2022) included development of distributary network for only 14.83 lakh acres. The actual command area created so far was 40,888 acres only (March 2022), it said.

Noting that the irrigation department showed undue haste in award of works, the report said 17 works costing ₹ 25,049.99 crore were awarded even before approval of the Detailed Project Report (DPR).

In the DPR, water for the project was proposed to be lifted from river Godavari at the rate of two TMC per day. The pumping capacity was later increased to three TMC per day involving additional cost of ₹ 28,151 crore, it said.

Due to re-engineering of the PCSS (Pranahitha-Chevella Sujala Sravanthi) Project and changes made in the project works, certain portions of works already executed had become redundant, resulting in a loss of ₹ 767.78 crore.

Out of the 56 project works, only 12 works were completed, 40 works were ongoing, while four works have not even commenced as of March 2022. Lands required for distributary network, etc., are yet to be fully identified, the report added.

<https://www.ndtv.com/india-news/comptroller-and-auditor-general-cag-report-says-telanganas-kaleswaram-project-economically-unviable-5066753>

## **2. CAG flags planning errors, potential ₹2,600 crore undue benefit in Telangana's Kaleswaram project (cnbctv18.com) 16 Feb 2024**

The Kaleswaram Lift Irrigation Project (KLIP), a multi-purpose irrigation project and the pet project of the (Bharat Rashtra Samithi) BRS and former Telangana CM K. Chandrashekhara Rao, is now likely to exceed ₹1.47 lakh crore, as opposed to the previous estimated cost of ₹81,000 crore, according to the report of the Comptroller and Auditor General of India (CAG).

The report, titled 'Performance Audit on Kaleswaram Project,' was tabled in the Telangana legislative assembly on Thursday.

According to the report, the Telangana government has not given administrative approval for the project as a whole, issuing instead 73 separate approvals totalling ₹1.1 lakh crore. Furthermore, there are no government orders regarding the funding pattern for the project.

The report goes on to state that out of the total expenditure of ₹86,788.06 crore incurred on the project as of March 2022, 64.3%, i.e., ₹55,807.86 crore, was met from off-budget borrowings raised by the Kaleshwaram Irrigation Project Corporation Limited (KIPCL), a special purpose vehicle set up by the BRS government to handle finances related to the Kaleshwaram project.

The project cost was understated in the Detailed Project Report (DPR) due to estimates being prepared at old price levels and the non-inclusion of provisions for price escalation.

Coupled with subsequent changes made in the project works, this resulted in the cost of works increasing from ₹63,352 crore to ₹1.02 lakh crore. During re-engineering, the Kaleshwaram and Pranahitha Projects together were estimated to cost ₹85,651.81 crore, as against the project cost of ₹38,500 crore of the earlier PCSS Project.

While the combined project cost increased by 122%, the targeted CA increased by only 52.22%. Even after the initial re-engineering, further additions and changes were made in the scope of Kaleshwaram Project works, taking the present likely project cost to ₹1,47,427.41 crore (including interest during construction), while there is no further increase in the envisaged benefits.

Thus, the combined project cost of the two projects now stands at ₹1,51,168.21 crore. This may increase further as the DPR of the Pranahitha Project is not yet prepared (March 2022), and its cost is yet to be worked out, the report said.

The CAG report outlined that the possibility of undue benefit of at least ₹2,684.73 crore to the contractors of these works cannot be ruled out.

"The Department showed undue haste in the award of works. Seventeen works costing ₹25,049.99 crore were awarded even before the approval of the DPR. Out of the 56 project works, only 12 works were completed, 40 works were ongoing, while 4 works have not even commenced, as of March 2022. Lands required for the distributary network, etc., are yet to be fully identified. Further, the post-tender inclusion of the price adjustment clause resulted in an avoidable payment of ₹1,342.48 crore," the report reads.

### **WHAT ARE THE MAIN OBSERVATIONS OF THE CAG REPORT?**

The Department showed undue haste in the award of works for the Kaleshwaram Project. The Department awarded 17 works costing ₹25,049.99 crore relating to the project even before the approval of the DPR by CWC in June 2018.

The peak energy demand is more than the average daily energy availed the entire State in 2021-22. As the State is presently purchasing/importing nearly 60% of energy from

external sources, providing power to various lift irrigation schemes, including the Kaleshwaram Project, will be a challenge to the State.

The absence of a comprehensive plan duly spelling out the sources of funds for a project of this scale, which will have a long-term impact on the finances of the State, is an indication of improper planning.

Out of the 56 project works, only 12 works were completed, 40 works were ongoing, while 4 works have not even commenced, as of March 2022.

In the DPR, water for the project was proposed to be lifted from River Godavari at the rate of 2 TMC per day. The pumping capacity was later increased to 3 TMC per day involving an additional cost of ₹28,151 crore. Due to re-engineering of the PCSS Project and changes made in the project works, certain portions of works already executed had become redundant, resulting in a loss of ₹767.78 crore.

Revenue from drinking water supply from the project would be less than that projected in the DPR, and when a subsidy is paid to compensate for this, there would be an additional cost to the public exchequer.

Every rupee spent on the project would yield only 52 paise. It clearly indicates that the project was, ab-initio, economically unviable.

The project requires a total of 14,344.39 million units (MU) of energy every year after completion. The peak energy demand, when all the pumps are likely to be operated simultaneously during the pumping season, works out to 203.02 MU per day. This is more than the average daily energy availed (196.06 MU per day) in the entire State in 2021-22.

The KIPCL did not have any sources of revenue, and the burden of repayment of the loan and interest was likely to fall on the State budget.

The Department provided a total amount of ₹17,653.71 crore towards the cost of pumps, motors, and auxiliary equipment in the estimates of these works, without assessing the market rates.

On June 21, 2019, the project was opened by Telangana Governor Narasimhan and then Chief Ministers K. Chandrashekar Rao of Telangana, Devendra Fadnavis of Maharashtra, and Y.S. Jaganmohan Reddy of Andhra Pradesh.

While BRS defended the project, the Opposition, including Congress and the BJP, accused the Rao government of shoddy management. The Telangana Congress in its election manifesto also promised a judicial inquiry into alleged irregularities and corruption surrounding the construction of the project and since coming to power has been heavily critical of it. <https://www.cnbctv18.com/india/telangana-kaleshwaram-project-cag-flags-planning-errors-potential-rs-2600-crore-undue-benefit-19059121.htm>

### **3.     Telangana govt stares at Rs 2,52,048 crore debt repayment: CAG report (*siasat.com*) 16 February 2024**

A recent report from the Comptroller and Auditor General (CAG) has raised concerns about the financial future of the Telangana Government, indicating a significant repayment obligation on market borrowings.

According to the report, the state will need to repay a hefty sum of Rs 2,52,048 crore as principal and interest on market borrowings by the fiscal year 2032-33, putting immense pressure on government finances.

The CAG's calculations are based on the outstanding market borrowings as of March 2022, estimating a repayment obligation of Rs 2,31,782 crore in the next decade starting from 2023-24.

Additionally, the state will also need to repay the principal loan amount of Rs 20,266 crore borrowed from financial institutions within the same period.

Telangana's borrowing activities are regulated by Article 293 of the Constitution, with the government frequently resorting to market borrowings to fund various projects and meet its financial commitments. The state has often relied on these borrowings to bridge revenue deficits.

The CAG report highlights that besides the disclosed liabilities of Rs 3,14,663 crore, the state also has to address the principal and interest of its off-budget borrowings (OBB) amounting to Rs 1,18,955 crore.

Factoring in the OBB and other liabilities serviced from the state budget, the debt-to-Gross State Domestic Product (GSDP) ratio is projected to reach 37.77%, significantly surpassing the prescribed targets.

While the state government has disclosed the guarantees extended to institutions in its budget documents, it has not fully revealed its Off-Budget Borrowings of Rs 1,18,955 crore.

This lack of transparency could further impact the Debt to Gross State Domestic Product ratio, with a substantial portion of the OBB attributed to projects like the Kaleshwaram Irrigation Project Corporation Limited (KIPCL). <https://www.siasat.com/telangana-govt-stares-at-rs-252048-crore-debt-repayment-cag-report-2978589/>

### **4.     'It's unviable, will bleed Telangana': CAG damns Kaleshwaram (*timesofindia.indiatimes.com*) 16 Feb 2024**

HYDERABAD: In a damning report, the Comptroller and Auditor General (CAG) has said Kaleshwaram - touted as the world's biggest multi-stage lift irrigation project on Godavari river in Telangana's Bhupalpally to irrigate about one crore acres - is not only economically unviable but also cannot generate revenues and will leave a huge energy bill for govt.

Claiming that the benefit-cost ratio (BCR) of the project was grossly inflated, CAG in its report said the actual command area created so far was just 40,888 acres (till March 2022). The 260-page report, which was tabled in the state assembly on Thursday, also pointed out violations - right from seeking project approvals, escalation in cost, ayacut area, execution of works and benefits of the project.

The much-hyped project was inaugurated by the then governor ESL Narasimhan and former CM K Chandrasekhar Rao on June 21, 2019. While the project's daily drawal capacity was enhanced from 2 tmcft to 3 tmcft, the BRS govt did not take revised approvals of the Central Water Commission and also the environment ministry's approvals even as the project cost increased to Rs 1.02 lakh crore from Rs 63,352 crore.

While claiming the Kaleshwaram Lift Irrigation project was unviable, the Comptroller and Auditor General's (CAG) report said its benefit-cost ratio (BCR) was grossly inflated.

The report disproved of the project benefits as claimed by the previous BRS govt and said the cost was likely to exceed ₹1.47 lakh crore.

“For every rupee spent on the project, it will yield only 52 paise, which indicates that the project — from the outset — is not viable at all. Taking into account the escalated costs, the ratio comes down to 1:0.52. Even when the project cost was put at ₹81,911 crore, the ratio of the project is 1:0.75 in contrast to the state govt's claim of 1:1.5,” CAG said.

Experts said if a project's BCR is less than 1.0, the project's costs far outweigh the benefits and it should not be considered.

CAG also expressed concern over repayment of loans taken through the Kaleshwaram Lift Irrigation Corporation as it did not have any revenue source. There was also no proposal to collect water charges from beneficiaries.

CAG said power demand to lift water from 22 pump houses would be high. The lifts under the project require 8,459 MW of power, which works out to 46% of the installed capacity available in the state. The project requires 14,344 million units of energy every year after completion.

CAG said assuming the project becomes fully operational from 2024-25 and that lifting of water will take place as per plan, Kaleshwaram project will require ₹10,375 crore annually towards energy consumption charges (including fixed charges), which translates into ₹1,24,495 crore in the next 12 years.

In addition to energy charges, annual operation and maintenance costs work out to ₹273 crore per annum, and there will be a depreciation of ₹2,761 crore per annum, CAG said. “Repayment of loans, interests, O&M costs and depreciation costs together will constitute a huge burden on state's finances,” it said.  
<https://timesofindia.indiatimes.com/city/hyderabad/cag-report-damns-kaleshwaram-project-in-telangana-as-economically-unviable/articleshow/107745080.cms>

## **5. CAG flags soaring costs, 'corruption' in Kaleshwaram project** (*deccanherald.com*) 16 Feb 2024

Hyderabad: The CAG report that was tabled by the state government in the assembly on Thursday said the flagship mega irrigation project of the BRS government – Kaleshwaram Project - is economically unviable and meeting the high operational expenditure in the future will be a challenge.

The report also said the possibility of undue benefit of at least Rs 2,684.73 crore to the contractors for the supply and commissioning of pumps, motors etc., cannot be ruled out.

The performance audit by CAG covered the events between April 2013 and March 2022.

"Even after six years since re-engineering and incurring an expenditure of Rs 86,788.06 crore, the project has been able to create only 40,288 acres of new Command Area (CA) as against the targeted CA of 18.26 lakh acres. The project has not been able to provide water for drinking/industrial purposes as intended. Though the department now expects the project to be completed by June 2024, with the present status of works and the volume of work yet to be done, completion of all works and achievement of full benefits contemplated under the project is likely to take many more years," said the CAG report.

"The project cost is now likely to exceed Rs 1,47,427.41 crore as against the cost of Rs 81,911.01 crore projected to the CWC. Further, the calculation of the returns on an inflated basis has resulted in the Benefit-Cost Ratio (BCR) falling below the project viability benchmark of 'one' (1.00). Even with the understated project cost of Rs 81,911.01 crore, BCR works out to 0.75. Considering the latest likely project cost of Rs 1,47,427.41 crore, the BCR works out to 0.52. This means that every rupee spent on the project would yield only 52 paise. It indicates that the project was, ab-initio, economically unviable," pointed out CAG.

To finance the project, the then-state government depended mainly on the off-budget borrowings raised by the Kaleshwaram Irrigation Project Corporation Ltd. (KIPCL) based on the guarantees given by the government. As much as 72.82% of the expenditure incurred since 2016-17 on the project was met from off-budget borrowings. Servicing this debt and meeting the high operational expenditure of the project in the coming years will be a challenge to the state government. <https://www.deccanherald.com/india/cag-flags-soaring-costs-corruption-in-kaleshwaram-project-2896498>

## **6. CAG smells a rat as Kaleshwaram project cost exceeds by 80%** (*siasat.com*) 15 February 2024

Hyderabad: The Comptroller and Auditor General (CAG) performance audit on the Kaleshwaram Irrigation Project Corporation Limited (KIPCL) Project on Thursday, February 15, has revealed that the project's costs could exceed Rs 1,47,427.41 crore, which is 80% higher than the original estimate of Rs 81,911.01 crore.



According to the performance audit, the state government issued 73 separate approvals for the Kaleshwaram lift irrigation project, worth Rs 1,10,248.48 crore, without approval from the Central Water Commission (CWC). “As of March 2020, the total expenditure reached Rs 86,788.06 crore, with Rs 65,807.86 crore incurred in the previous year (March 2019),” the report said.

“Changes in the project’s engineering and designs after the initial planning led to extra costs. Due to revisions of the Pradhan Mantri Krishi Sinchai Yojana (PMKSY) and changes in the redistribution of works, the project suffered a financial loss of Rs 767.78 crore,” said the CAG report.

#### Incomplete works at Kaleshwaram

Out of the 56 works where only 12 were completed, 40 were ongoing, and 4 hadn’t started as of March 2022. Issues with land acquisition and incomplete identification of the required distributary network were noted.

The possibility of undue benefit to contractors for the supply and commissioning of pumps, motors, etc., for the Kaleshwaram project, due to the inclusion of a price adjustment clause, was highlighted. This could lead to avoidable extra payments of Rs 31,348.42 crore.

The audit also questioned the Kaleshwaram Lift Irrigation Project’s economic viability. It cited a benefit-cost ratio (BCR) of 0.75 and shared concern over its financial sustainability due to off-budget borrowings of Rs 8,911.01 crore. “Even with the off-budget borrowings worth Rs 8,911.01 crore raised by KIPCL, the latest likely project cost Rs 1,47,427.41 crore yields a BCR of 0.75, rendering the economic viability of the project questionable,” it exposed.

#### Undue haste in awarding works

The Department exhibited undue haste in awarding works, with 17 contracts worth Rs 25,049.99 crore being approved before the completion of the Detailed Project Report (DPR). In the DPR, water for the Kaleshwaram project was originally set to be lifted from the Godavari River with a capacity of 2 TMC per day. This capacity was later increased to 3 TMC per day, which added a cost of Rs 28,151 crore, it said. <https://www.siasat.com/kaleshwaram-costs-exceeded-by-80-cag-indicates-corruption-2978058/>

## **7. Telangana under huge debt due to market borrowings: CAG** (*hindustantimes.com*) 16 Feb 2024

The Telangana government will have to repay ₹252,048 crore as principal and interest on the market borrowings by 2032-33, on account of the indiscriminate borrowings resorted to by the previous Bharat Rashtra Samithi (BRS) government till 2021-22.

This was pointed out by the Comptroller and Auditor General (CAG) of India in its audit findings of the state government up to 2021-22. The audit report was tabled in the state legislative assembly on Thursday. “The huge debt servicing on the market borrowings will put significant pressure on the government finances,” the reports said.



The CAG pointed out that the state had an outstanding liabilities of ₹3,14,663 crore at the end of 2021-22 fiscal year. Besides, the state is also liable to pay principal and interest on account of its Off-Budget Borrowings (OBB) to an extent of ₹1,18,955 crore.

“Taking into consideration the OBB and other liabilities that are being serviced out of the state budget, the ratio of debt to GSDP would be 37.77%, which is 12.77% higher than the set target of 25% as per the Telangana State Fiscal Responsibility and Budget Management Act. This is also 8.47% above the norms of 29.30% as prescribed by the 15th Finance Commission,” the CAG report said.

The CAG said the OBBs of ₹1,18,955 crore has to be serviced from out of the state’s own resources. Major portion of the OBBs ( ₹66,854 crore) belongs to Kaleshwaram Irrigation Project Corporation Limited (KIPCL). The maximum repayment spread period of OBBs is 14 years and future liability on Kaleshwaram project towards debt servicing would work out to ₹1,41,545 crore for next 14 years.

“In view of the confirmation by KIPCL that it had borrowed on behalf of the state government and as the Detailed Project Report of the Kaleshwaram Project did not envisage any revenue streams, it is likely that the onus of bearing these huge liabilities would have to be borne by the state government, which will constitute huge burden on state finances, constraining the capacity of state to have any developmental plans in near future. As the state registered a revenue deficit, it had to finance this revenue deficit from market borrowings alone,” it said.

The CAG found fault with the previous government for not spending budgetary allocations to various welfare schemes, despite resorting to huge borrowings.

The CAG pointed out that the “Telangana Dalit Bandhu” initiative, under which each eligible Dalit family would get a lump sum amount of ₹10 lakh to take up self-employment schemes, was launched in August 2021 and was allocated ₹4,442 crore in the budget till 2021-22.

However, the CAG audit report found that actual expenditure was only ₹2,101 crore as of March 31, 2022; and the remaining amount was lying in the bank accounts of Telangana Scheduled Caste Cooperative Development Corporation Limited and district administrations. “Despite availability of funds, out of 38, 511 applications received for Dalit Bandhu, only 21,339 applications were sanctioned as of March 2022,” the report said.

The previous government also made major allocations to other welfare schemes such as debt relief to farmers and construction of double bedroom houses to the rural poor and urban poor. “But entire provisions remained unspent in respect of Hyderabad Urban Agglomeration ( ₹2,600 crore), double bedroom houses ( ₹2,320 crore) and Most Backward Classes Development Corporation ( ₹500 crore).

The CAG pointed out that during 2021-22, the Gross State Domestic Product (GSDP) of Telangana registered a higher growth rate than the previous year as the economy improved after a slowdown due to the Covid-19 pandemic. The revenue receipts

increased by ₹26,555 crore (26%) while revenue expenditure increased by ₹13,592 crore (11%) over the previous year.

The state's own tax revenue went up to ₹91,271 crore (increase of 26%), while non-tax Revenue ( ₹8,858 crore) and Central tax transfers ( ₹18,721 crore) also increased by 46% and 48% respectively when compared to preceding year.

The CAG report said despite increased revenue receipts, the state government failed to register a revenue surplus for a third consecutive year. The revenue deficit ( ₹9,335 crore) was understated by ₹1,157 crore due to non-discharge of interest liabilities. <https://www.hindustantimes.com/india-news/tehangana-under-huge-debt-due-to-market-borrowingscag-101708025050643.html>

## **8. CAG Audit Uncovers Financial Mismanagement and Inefficiencies in Telangana's 2BHK Housing Scheme** (*bnnbreaking.com*) 15 Feb 2024

In a revealing audit, the Comptroller and Auditor General (CAG) of India has cast a harsh light on the Telangana government's handling of the ambitious 2BHK Housing Scheme in the Greater Hyderabad Municipal Corporation (GHMC) area. The scrutiny unearthed a tangled web of financial mismanagement and operational inefficiencies that have not only delayed the project but also left the majority of its potential beneficiaries in the lurch. The report, released on February 15, 2024, paints a picture of a well-intended initiative gone awry, with diverted funds, unutilized loans, and glaring construction delays leading to a mere 48% completion rate of the envisaged houses, and an astounding 96% of these completed structures standing eerily unoccupied.

### Financial Missteps and Diverted Dreams

The CAG's findings reveal a financial landscape marred by mismanagement within the Telangana government's flagship housing scheme. Originally designed to provide affordable housing to the underprivileged, the scheme has been bogged down by the diversion of allocated funds to other government projects, leaving the housing initiative financially handicapped. Furthermore, loans secured for the construction of these homes were found idle, a stark testament to the project's sluggish pace. These financial irregularities not only delayed the project's progress but also resulted in a significant loss of federal funding, with the government failing to meet the criteria necessary to secure the second installment of aid from the Indian government.

### A Labyrinth of Inefficiencies

At the heart of the scheme's underperformance is a glaring failure to identify and select beneficiaries in a timely manner. This administrative bottleneck has led to over 96% of the completed houses remaining unoccupied, a statistic that underscores the inefficiencies plaguing the project. The CAG report strongly criticizes this lapse, emphasizing the government's oversight in not adhering to the beneficiary selection process it had outlined. This neglect not only contradicts the scheme's foundational objective—to provide housing to those in need—but also represents a missed opportunity to make a tangible difference in the lives of thousands.

### Unraveling the Flock: Irregularities in Sheep Rearing Projects

The CAG's audit extended beyond the housing scheme, shedding light on serious irregularities in sheep rearing projects as well. Suspected fraud and doubtful transactions amounting to ₹253.93 crore paint a grim picture of mismanagement. These findings not only question the integrity of the project's implementation but also hint at a systemic failure to monitor and control the flow of funds within government schemes. The allegations of fraud, if proven, could significantly undermine public trust in state-run initiatives and call for a comprehensive review of oversight mechanisms.

In light of these findings, the CAG has urged the Telangana government to take immediate corrective action. Prioritizing the selection of beneficiaries and ensuring a transparent allocation process for the 2BHK Housing Scheme is paramount. Moreover, addressing the financial and administrative irregularities in sheep rearing projects is critical to restoring faith in government schemes. The CAG report serves as a clarion call for the Telangana government to realign its priorities and management practices to fulfill the promises made to its citizens. As it stands, the path to rectification is steep, with the government's credibility and the well-being of countless individuals hanging in the balance. <https://bnnbreaking.com/politics/cag-audit-uncovers-financial-mismanagement-and-inefficiencies-in-telanganas-2bhk-housing-scheme>

## **9. CAG Report Unveils Governance Challenges in Telangana: A Call for Democratic Integrity (*bnnbreaking.com*) 16 Feb 2024**

In an authoritative report that sheds light on the governance challenges within Telangana State, the Comptroller and Auditor General of India (CAG) has taken a critical stance against the previous Bharat Rashtira Samithi (BRS) Government. The crux of the matter lies in the failure to adhere to the mandates of the 74th Constitutional Amendment Act, specifically regarding the timely conduct of elections for urban local bodies, spanning from 2015-16 to 2020-21. This revelation not only raises questions about the democratic processes at the municipal level but also underscores the complexities of administrative compliance amidst unforeseen challenges like the pandemic.

### **Unveiling Inconsistencies: The Delayed Democratic Process**

The CAG's findings highlight a pronounced delay in the electoral process across several municipalities and municipal corporations, including Siddipet, Khammam, Warangal, and Atchampet. These delays flagrantly contravene the stipulated requirement of the 74th constitutional amendment, which mandates that elections be held within six months of dissolution or before the expiration of the five-year term of a municipal body. This oversight not only disrupts the rhythm of governance at the local level but also sidelines the citizens' right to elect their representatives in a timely manner.

### **The Ripple Effects of Administrative Delays**

Beyond the immediate implications of delayed elections, the report uncovers a deeper systemic issue—the non-formation of ward committees in urban local bodies with populations exceeding three lakh. This requirement, pivotal for ensuring participatory governance and localized decision-making, was overlooked in several civic bodies, further diluting the essence of democratic governance as envisioned by the 74th Constitutional Amendment Act. However, in a response to these findings, the state government has cited the pandemic as a major disruptive factor, while also noting that

corrective measures have been taken with the formation of ward committees in Meerpet, Nizamabad, and Kamareddy.

#### Looking Ahead: Corrective Measures and Democratic Integrity

In the wake of the CAG's report, the path forward for Telangana's urban local governance is fraught with challenges yet ripe with opportunity. The corrective steps taken by the state government in forming ward committees post-report signify a move towards rectifying past oversights. However, the broader lesson remains clear—the integrity of democratic processes at all levels of government requires unwavering commitment to timely elections and adherence to constitutional mandates. As Telangana navigates these governance challenges, the role of oversight bodies like the CAG in ensuring accountability and transparency remains paramount.

In sum, the Comptroller and Auditor General of India's report on Telangana State's delays in implementing the 74th Constitutional Amendment Act serves as a poignant reminder of the complexities inherent in balancing administrative efficiency with democratic principles. While the state has taken strides towards addressing the highlighted issues, the journey towards fully realizing the ideals of local self-governance and participatory democracy continues. As Telangana looks to the future, the lessons learned from these oversights could well inform a stronger, more resilient framework for urban <https://bnnbreaking.com/politics/cag-report-unveils-governance-challenges-in-telangana-a-call-for-democratic-integrity>

### **10. CAG Report Reveals Increased Costs but No Additional Benefits for Kaleshwaram Project** (*ap7am.com*) Feb 15, 2024

The Comptroller and Auditor General (CAG) has disclosed that despite the increased expenses due to re-engineering and modifications in the Kaleshwaram project, no additional benefits have been realized. The changes have rendered some previously completed works redundant, resulting in a loss of Rs. 765 crores, as reported. The project unnecessarily undertook the third phase of works, leading to an additional expenditure of Rs. 25,000 crores. This report was submitted to the assembly by the government on Thursday.

The CAG has accused the Water Resources Department of awarding contracts for 17 works valued at Rs. 25,000 crores before the approval of the Detailed Project Report (DPR). The capital cost per acre for irrigation water through the Kaleshwaram project is reported to be Rs. 6.42 lakhs, as per the CAG's findings. The expected benefit-to-cost ratio of the project was estimated at 1:51, but it currently stands at 0.75, with a likelihood of further decrease.

Additionally, the report mentions that a comprehensive seismic study was not conducted before the construction of the Mallanna Sagar reservoir. <https://www.ap7am.com/index.php/en/75148/cag-report-reveals-increased-costs-but-no-additional-benefits-for-kaleshwaram-project>

## **11. Kaleshwaram project debt poses a huge financial burden for Telangana: CAG (*thehindubusinessline.com*) 15 Feb 2024**

The Telangana government stares at a huge financial burden over the next 14 years in the form of debt servicing of the loans taken to the construction of the Kaleshwaram project. The multi-stage irrigation project seeks to lift water from the low-lying Godavari and channelise the water to different projects in the State.

In its report submitted to the Telangana Assembly, the CAG pegged the future liability on the Kaleshwaram Project towards debt servicing would work out to ₹1.41 lakh crore over the next 14 years.

As the State registered a revenue deficit, it had to finance the revenue deficit from market borrowings. The State government will have to repay ₹2.52 lakh crore as principal and interest on the market borrowings by 2032-33 and this would put significant pressure on the government finances.

Apart from its total liabilities of ₹3.14 lakh crore, the State is also liable to pay principal and interest on account of its OBBs to an extent of ₹1.19 lakh crore. Taking into consideration the OBB and other liabilities that are being serviced out of the State Budget, the ratio of Debt to GSDP would be 37.77 per cent, which is 12.77 per cent higher than the set target of 25 per cent as per the TSFRBM Act.

This is also 8.47 per cent above the norms of 29.30 per cent as prescribed by the 15th Finance Commission.

It pointed out that the State borrowed heavily off the Budget for the Kaleshwaram project. The major portion of off-budget borrowings (₹66,854 crore) belongs to Kaleshwaram Project Corporation Ltd (KIPCL). It borrowed the money on behalf of the State government and as the Detailed Project Report of the Kaleshwaram Project did not envisage any revenue streams, the onus of bearing these huge liabilities would be on the State government.

“This will constitute huge burden on State finances constraining State finances severely and capacity of State to have any developmental plans in near future,” it said in the report on the State for the financial year 2021-22. Though the State registered a higher growth rate in Gross State Domestic Product (GSDP) over the previous year that was hit by Covid-19 and an increase of revenue receipts by 26 per cent, the State failed to register a revenue surplus for a third consecutive year.

The revenue deficit (₹9,335 crore) was understated by ₹1,157 crore due to non-discharge of interest liabilities, on account of certain misclassifications between revenue and capital expenditure and transfer of lapsed deposit amount to Revenue head.

“Non-discharge of interest liabilities also impacted the fiscal deficit (₹46,638 crore) which was understated by ₹182 crore,” it said.

Revenue receipts up

The CAG said the revenue receipts of the State increased by ₹26,555 crore (26 per cent) while revenue expenditure increased by ₹13,592 crore (11 per cent) in 2021-22 over the previous year.

The State's Own Tax Revenue (₹91,271 crore) registered an increase as contributions from headers like Stamps and Registration, State Goods and Services Tax, and State Excise went up. The revenue expenditure (₹1.37 lakh crore) has increased by 11 per cent during 2021-22.

The report observed that the State has been persistently trailing in respect of expenditure on the education and health sectors. As a percentage to total expenditure, expenditure on education and health was eight per cent and four per cent respectively. <https://www.thehindubusinessline.com/news/national/kaleshwaram-project-debt-poses-a-huge-financial-burden-for-telangana-cag/article67848658.ece>

## **12. CAG picks holes in govt 'urgency' (timesofindia.indiatimes.com)** 16 Feb 2024

Hyderabad: Taking a serious view of BRS govt according administrative approvals to Kaleshwaram project as a whole instead of separate approvals for each work, CAG picked holes in irrigation department's 'urgency' to carry out project works.

Project cost rose to ₹1.02 lakh cr from ₹63,352 crore, likely to exceed ₹1.47 lakh crore. It said 73 approvals worth ₹1.1 lakh crore were granted without orders from govt on funding pattern.

It said govt incurred loss of ₹800 crore owing to reengineering of Pranahitha and executing some works under old scheme. <https://timesofindia.indiatimes.com/city/hyderabad/cag-picks-holes-in-govt-urgency-for-kaleshwaram-project/articleshow/107737462.cms>

## **13. CAG report: Every rupee spent on Kaleshwaram project would yield only 52 paise (newsmeter.in)** 15 Feb 2024

Hyderabad: The Kaleshwaram Lift Irrigation Project (KLIP) is now anticipated to cost more than Rs 1,47,427.41 crores, with the capital cost of irrigation coming out to Rs 6.42 lakh per acre, in contrast to the Rs 81,911.01 crores projected cost to the Central Water Commission (CWC), according to the Comptroller and Auditor General of India (CAG).

The Congress government tabled the performance audit report on the Kaleshwaram project in the Telangana Legislative Assembly on Thursday. As per the CAG report, running the KLIP on the Godavari River is going to be a 'white elephant' for the state.

### **No administrative approval yet**

The Government of Telangana has not accorded administrative approval to the project as a whole; instead, it has issued separate approvals, i.e., as many as 73 administrative approvals aggregating to Rs 1,10,248.48 crores. There are no orders from the government about the funding pattern for the project.

Out of the total expenditure of Rs 86,788.06 crores incurred on the project (March 2022), an expenditure of Rs 55,807.86 crores (i.e. 64.3 per cent) was met from the off-budget borrowings (OBBs) raised by Kaleshwaram Irrigation Project Corporation Limited (KIPCL), a special purpose vehicle to mobilise funds for Kaleshwaram project.

### **Project's actual cost underestimated**

The Benefit-Cost Ratio (BCR) of the project was inflated. Even with the understated project cost of Rs 81,911.01 crores, BCR works out to 0.75.

Considering the latest likely project cost (Rs 1,47,427.41 crores), the BCR works out to 0.52. This means that every rupee spent on the project would yield only 52 paise. It clearly indicates that the project was, ab-initio, economically unviable.

Apart from that, the CAG also pointed out that as a result of estimations using outdated pricing points and failing to account for price increases, the project's actual cost was underestimated in the Detailed Project Report (DPR).

The outcome was an increase in the cost of works from Rs 63,352 crores to Rs 1.02 lakh crores due to these and other revisions made to the project work. This was due to anticipated construction costs, interest during the building process, and other unspecified costs associated with land purchase, rehabilitation, and relocation.

The CAG delineated the rationale for the redesign of Pranahita Chevella Sujala Sravanthi (PCSS) into the Dr BR Ambedkar PCSS and the Kaleshwaram initiatives.

In contrast to the project cost of previous PCSS projects, the combined cost of the Kaleshwaram and PCSS projects was anticipated to be Rs 85,651 crores during re-engineering.

It was shown that re-engineering increased the overall project cost by 122 per cent, but only by 52.22 per cent in the targeted command area. Even after the initial re-engineering, the project's scope was expanded and altered, bringing the project's current estimated cost to Rs 1.47 lakh crores without resulting in a rise in the advantages that were initially anticipated, according to the findings by the CAG in its report.

### **'Changes to PCSS project led to losses'**

The combined project cost of Kaleshwaram and PCSS was Rs 1.51 lakh crores. Given that the Pranahita project's DPR was not ready by March 2022 and that its cost had not yet been determined, this could rise even more.

Additionally, some of the previously completed work had become superfluous as a result of the PCSS project's re-engineering and modifications, which resulted in a loss of Rs 767.78 crores. Despite multiple flaws in the Water and Power Consultant's (WAPCOS) previous work on the DPR for the Pranahita Chevella project, which forced its re-engineering, the CAG noted that the irrigation CM says Telangana Rs 7.11 lakh crores in debt, will borrow to pay back BRS loans department nevertheless entrusted them with the Kaleshwaram project.

"The department exhibited excessive haste in allocating works for the Kaleshwaram project, much as it did with the PCSS project. Even before the DPR was approved by



CWC in 2018, the department awarded 17 works totalling Rs 25,049.99 crores related to the project,” according to the CAG report.

In the DPR, water for the project was proposed to be lifted from the Godavari River at the rate of 2 TMC per day. The pumping capacity was later increased to 3 TMC per day involving an additional cost of Rs 28,151 crores, the report said and added that 1 TMC of water was assumed to irrigate 17,688 acres of the command acreage while calculating the agricultural benefits. Roughly 10,000 acres may be served by a single TMC of water, according to data from past state projects.

As a result, the CAG stated, that there is a considerable chance that no water will remain for irrigation during the Rabi season and that the 169 TMC of water allotted for irrigation under the project will not be adequate for the Kharif season. Out of the 56 project works, only 12 works were completed, 40 works were ongoing and four works have not even commenced, as of March 2022. Lands required for the distributary network, etc., are yet to be fully identified. The possibility of undue benefit of at least Rs 2,684.73 crores to the contractors for the supply and commissioning of pumps, motors etc., cannot be ruled out. Further, post-tender inclusion of price adjustment clauses resulted in avoidable payment of Rs 1,342.48 crores, the CAG said. <https://newsmeter.in/top-stories/cag-report-every-rupee-spent-on-kaleshwaram-project-would-yield-only-52-paise-724867>

#### **14. Damning CAG report says Kaleshwaram economically unviable; cost to exceed Rs 1.47 lakh cr (*theprint.in*) 15 Feb 2024**

The Comptroller and Auditor General has come out with a damning report on Telangana’s Kaleshwaram project, which says it was economically unviable from the start and details the massive cost overruns, possible undue benefits accrued to contractors and the poor planning involved.

The cost of the Kaleshwaram Project, touted as the world’s largest multi-stage lift irrigation project is now likely to exceed Rs 1.47 lakh crore, as against Rs 81,911 crore projected to the Central Water Commission (CWC), a new report by the Comptroller and Auditor General (CAG) said on Thursday.

The report of the CAG on the performance audit of the flagship project of the previous BRS government was tabled in the legislative assembly.

The CAG also found that the project was economically unviable from the beginning.

The Kaleshwaram project has been mired in controversy, especially after some piers of the Medigadda barrage “sank” last year.

The National Dam Safety Authority (NDSA) found in November that the Medigadda barrage is severely compromised, rendering it useless unless fully renovated.

The damage to the barrage is believed to be one of the major reasons for the defeat of BRS in the recent assembly polls.

The Kaleshwaram Project is an off-shoot of the Dr B R Ambedkar Pranahitha-Chevella Sujala Sravanthi Lift Irrigation Scheme (PCSS Project) formulated by the erstwhile undivided state of Andhra Pradesh.

The executive summary of the CAG report said the Government of Telangana has not accorded administrative approval for the project as a whole and instead it has issued separate approvals — as many as 73 administrative approvals aggregating to Rs 1,10,248.48 crore, and that there are no orders from the government about the funding pattern for the project.

Out of the total expenditure of Rs 86,788.06 crore incurred on the project (March 2022), an expenditure of Rs 55,807.86 crore (64.3 per cent) was met from the off-budget borrowings (OBBs) raised by KIPCL (Kaleshwaram Irrigation Project Corporation Limited), it said.

“The possibility of undue benefit of at least Rs 2,684.73 crore to the contractors for supply and commissioning of pumps, motors etc., cannot be ruled out. Further, post tender inclusion of price adjustment clause resulted in avoidable payment of Rs 1,342.48 crore,” it added.

The Benefit-Cost Ratio (BCR) of the project was inflated; even with the understated project cost of Rs 81,911.01 crore, BCR works out to 0.75. Considering the latest likely project cost (Rs 1,47,427.41 crore), the BCR works out to 0.52, the report further revealed.

“This means that every rupee spent on the project would yield only 52 paise. It clearly indicates that the project was, ab-initio, economically unviable,” it said.

The report stated that the peak energy demand when all the pumps are operated is more than the average daily energy availed in the entire State (2021-22). Providing power to lift irrigation schemes will pose a challenge to the State.

The absence of a comprehensive plan duly spelling out the sources of funds for a project of this scale, which will have a long-term impact on the finances of the State, is an indication of improper planning, it said.

Against targeted new Command Area of 18.26 lakh acres, the works entrusted so far (as on March 2022) included development of distributary network for only 14.83 lakh acres. The actual command area created so far was 40,888 acres only (March 2022), it said.

Noting that the irrigation department showed undue haste in award of works, the report said 17 works costing Rs 25,049.99 crore were awarded even before approval of the Detailed Project Report (DPR).

In the DPR, water for the project was proposed to be lifted from river Godavari at the rate of two TMC per day. The pumping capacity was later increased to three TMC per day involving additional cost of Rs 28,151 crore, it said.

Due to re-engineering of the PCSS (Pranahitha-Chevella Sujala Sravanthi) Project and changes made in the project works, certain portions of works already executed had become redundant, resulting in a loss of Rs 767.78 crore.

Out of the 56 project works, only 12 works were completed, 40 works were ongoing, while four works have not even commenced as of March 2022. Lands required for distributary network, etc., are yet to be fully identified, the report added. <https://theprint.in/india/damning-cag-report-says-kaleshwaram-economically-unviable-cost-to-exceed-rs-1-47-lakh-cr/1968004/>

## **15. CAG unveils financial irregularities in Kaleshwaram project** (*thehansindia.com*) 16 Feb 2024

The Comptroller and Auditor General of India (CAG) has unveiled startling financial irregularities in the implementation of the Kaleshwaram project in Telangana.

In its 260-page report presented in the Telangana State Legislative Assembly on Thursday, the CAG highlighted numerous discrepancies in the project's finances.

The cost of the Kaleshwaram Project is now anticipated to surpass Rs 1,47,427.41 crore, significantly exceeding the projected cost of Rs 81,911.01 crore presented to the Central Water Commission (CWC).

In its key findings, the CAG said that the Government of Telangana did not grant administrative approval for the entire project but issued 73 separate approvals totalling Rs 1,10,248.48 crore. No official orders on the funding pattern for the project were issued. Out of the total expenditure of Rs 86,788.06 crore (as of March 2022), Rs 55,807.86 crore (64.3%) was covered by off-budget borrowings (OBBs) raised by Kaleshwaram Irrigation and Project Corporation Limited (KIPCL).

The project's Benefit-Cost Ratio (BCR) was inflated, indicating its economic unviability. With the latest estimated project cost of Rs 1,47,427.41 crore, the BCR stands at 0.52, implying that every rupee spent on the project would yield only 52 paise.

The peak energy demand for the project exceeds the average daily energy consumption for the entire state in the fiscal year 2021-22, posing a significant challenge in providing power for lift irrigation schemes.

The absence of a comprehensive plan detailing funding sources for a project of this magnitude suggests improper planning.

Against the targeted new Cultivable Area (CA) of 18.26 lakh acres, only 14.83 lakh acres have seen the development of the distributary network. The actual command area created is a mere 40,888 acres (as of March 2022). Seventeen works costing Rs 25,049.99 crore were awarded before the Detailed Project Report (DPR) approval, leading to a lack of due diligence.

Due to changes in the project works, certain executed works became redundant, resulting in a loss of Rs 767.78 crore.

Out of the 56 project works, only 12 have been completed, 40 are ongoing, and four have not commenced (as of March 2022). Identification of lands required for the distributary network is still incomplete.

The possibility of undue benefits to contractors for supplying and commissioning pumps, motors, etc., totalling at least Rs 2,684.73 crore, cannot be ruled out. Additionally, the post-tender inclusion of a price adjustment clause resulted in an avoidable payment of Rs 1,342.48 crore. <https://www.thehansindia.com/tehangana/cag-unveils-financial-irregularities-in-kaleshwaram-project-858739>

## **16. Here's What CAG Report Says on Financial Irregularities in Former Telangana CM KCR's Flagship Kaleshwaram Project** (*swarajyamag.com*) 15 Feb 2024

The Comptroller and Auditor General of India (CAG) has uncovered significant financial irregularities in the implementation of Telangana's Kaleshwaram project, as revealed in its 260-page report presented in the Telangana State Legislative Assembly.

The report sheds light on various discrepancies in the project's finances, with the cost now expected to exceed Rs 1,47,427.41 crore, far surpassing the originally projected cost of Rs 81,911.01 crore submitted to the Central Water Commission (CWC).

Key findings from the report indicate that the Government of Telangana did not provide administrative approval for the entire project but issued 73 separate approvals amounting to Rs 1,10,248.48 crore, as per report by TheHansIndia.

Additionally, no official orders on the project's funding pattern were issued.

A significant portion of the total expenditure (64.3 per cent), amounting to Rs 55,807.86 crore as of March 2022, was covered by off-budget borrowings (OBBs) raised by the Kaleshwaram Irrigation and Project Corporation Limited (KIPCL).

The report also highlights an inflated Benefit-Cost Ratio (BCR), indicating the project's economic unviability, with the latest estimated project cost resulting in a BCR of 0.52. This suggests that every rupee spent on the project would yield only 52 paise.

Moreover, the project faces challenges in meeting its energy demands, with the peak energy demand exceeding the average daily energy consumption for the entire state in the fiscal year 2021-22.

The absence of a comprehensive plan outlining funding sources for such a massive project indicates inadequate planning.

Furthermore, despite a targeted new Cultivable Area (CA) of 18.26 lakh acres, only 14.83 lakh acres have seen the development of the distributary network, with a mere 40,888 acres of actual command area created as of March 2022. Several works were awarded before Detailed Project Report (DPR) approval, leading to a lack of due diligence.

Additionally, changes in project works rendered certain executed works redundant, resulting in a loss of Rs 767.78 crore.

Out of 56 project works, only 12 have been completed, 40 are ongoing, and four have not commenced as of March 2022.

Moreover, the identification of lands required for the distributary network remains incomplete.

The report also raises concerns about possible undue benefits to contractors and highlights instances of avoidable payments, including post-tender inclusion of a price adjustment clause resulting in a payment of Rs 1,342.48 crore.

Telangana Chief Minister Revanth Reddy had earlier inspected the Medigadda barrage, a crucial component of the Kaleswaram Lift Irrigation project initiated by his predecessor K Chandrasekhar Rao (KCR).

The inspection followed the sinking of six piers of the barrage, which was inaugurated in 2019.

The project has faced criticism from opposition parties, including the Congress and BJP, who allege corruption and misuse of funds. The BJP has questioned the Congress's sincerity in addressing the issue, pointing out the lack of support for a CBI probe.

The Congress government had also requested for a High Court-monitored probe, but the court could only appoint a retired judge.

Revanth Reddy's actions, including changing the state's emblem and modifying its abbreviation, are seen as attempts to challenge KCR's legacy and establish his own. <https://swarajyamag.com/news-brief/heres-what-cag-report-says-on-financial-irregularities-informer-telangana-cm-kcrs-flagship-kaleswaram-project>

## **17. CAG raps Telangana govt for delays, irregularities in two flagship welfare schemes (*thehindubusinessline.com*) 15 Feb 2024**

The Comptroller and Auditor General of India (CAG) has found fault with the Telangana government for inordinate delays in constructing the two-bedroom houses and identifying the beneficiaries.

“The Compliance Audit revealed several shortcomings in the implementation of the 2BHK Housing Scheme (two-bedroom scheme) in the Greater Hyderabad Municipal Corporation (GHMC) area. The financial management of the scheme had shortfalls,” the CAG said.

In a report submitted to the Assembly, the CAG also found diversion of funds to other schemes.

“There are no provisions for price escalation and infrastructure costs, leaving unexpected financial liability on GHMC to meet the extra expenditure over and above

the unit cost. The State government had delayed the release of budget funds to the executing agencies,” it said.

The report was submitted to the State government in December 2022 and tabled in the Assembly on Thursday.

The CAG also found fault with the State government for losing the second instalment from the government of India due to non-adherence to the beneficiary selection process.

“Of the one lakh houses sanctioned in GHMC, construction of 48,178 (48 per cent) houses were completed and 45,735 houses were in progress and 6,087 houses were stopped or yet to be taken up,” it pointed out.

“Construction of houses by the end of six years (2020-21) was only 48,178 which was less than 50 per cent of the envisaged target of one lakh houses,” it said.

Over 96 per cent of the completed houses (46,442) remained unoccupied for a period ranging from less than 6 to more than 36 months, as the State government failed to identify beneficiaries for the scheme, rendering the expenditure of ₹3,984 crore incurred on these houses so far wasteful.

#### Mission unaccomplished

Thus, the objective of providing two-bedroom houses to the poor as envisaged could not be achieved, even after elapse of four years, as the identification of the beneficiaries has not been done by the government.

The CAG asked the government to prioritise the selection of beneficiaries as per guidelines and allot the houses already constructed through a transparent process. “The government should ensure funding for the projects and the loans drawn should be utilised for timely implementation of the scheme, without diversion or keeping the funds idle,” it said.

It also wanted the State government to put in place an effective monitoring mechanism to ensure early allotment to the identified beneficiaries.

#### Sheep-rearing scheme

The CAG also observed serious lapses in maintaining data of the beneficiaries and keeping invoices to support transportation of sheep.

The scheme was introduced in 2017 to provide sustainable livelihood to the traditional shepherd families and improve their economic standard.

The statutory auditor found that invoices with fake vehicle registration numbers, invoices showing transportation of higher number of sheep units than that was possible or permitted and recycling of sheep.

“The above audit findings indicate lack of transparency including suspected fraud involving a financial implication of ₹254 crore in the implementation of the scheme,” it said. <https://www.thehindubusinessline.com/news/national/cag-raps-telangana-govt-for-delays-irregularities-in-two-flagship-welfare-schemes/article67849026.ece>

**18. Telangana is set to have huge financial burden over next 14 years in the form of debt servicing of loans taken for construction of Kaleshwaram Lift Irrigation project: CAG Report** (*newsonair.gov.in*)  
15 Feb 2024

The Comptroller and Auditor General Report stated that the State of Telangana is set to have a huge financial burden over the next 14 years in the form of debt servicing of the loans taken for the construction of the Kaleshwaram Lift Irrigation project. The multi-stage irrigation project lifts water from the low-lying Godavari River and channelises the water to different projects in the State. Dy Chief Minister and Finance Minister Bhatti Vikramarka tabled the CAG report in the Assembly today. The CAG pegged the future liability on the Kaleshwaram Project towards debt servicing will work out to One lakh 41 thousand crore rupees over the next 14 years.

It further said the State had to finance the revenue deficit from market borrowings as the State registered a revenue deficit. The State government will have to repay two lakh 52 thousand crore rupees as principal and interest on the market borrowings by 2032-33 and this will put significant pressure on the government finances.

The CAG stated that the State borrowed heavily from the Budget for the Kaleshwaram project. It also said the revenue deficit was understated and non-discharge of interest liabilities also impacted the fiscal deficit. The CAG also observed that the State has been persistently trailing in respect of expenditure on the education and health sectors. <https://newsonair.gov.in/News?title=Telangana-is-set-to-have-huge-financial-burden-over-next-14-years-in-the-form-of-debt-servicing-of-loans-taken-for-construction-of-Kaleshwaram-Lift-Irrigation-project%3A-CAG-Report&id=477322>

**19. CAG Report on Kaleshwaram Nails Previous BRS Govt on Every Aspect of Project** (*deccanchronicle.com*) 15 Feb 2024

HYDERABAD: The Kaleshwaram Lift Irrigation Scheme (KLIS) of the BRS government was a rushed affair, with the then government and its irrigation department cutting corners, inflating costs, skipping comprehensive plans for sourcing funds, and flouting other norms, the Comptroller and Auditor General of India (CAG) said.

Several components of the project were approved and handed to contractors even before detailed project reports (DPR) were finalised, the CAG audit found, as tabled by the Congress government on Thursday in the Assembly.

The detailed findings on various aspects of KLIS are expected to further fuel charges that the then BRS government either neglected or chose to ignore many deficiencies in the project design and its execution.

Nearly each of the 218 pages of the report an indictment of the BRS government.

The CAG report, which took into consideration the project execution till 2022, said the final cost of Kaleshwaram will likely touch Rs 1,47,427.41 crore, against the original cost of Rs 81,911.01 crore, as projected to the Central Water Commission.



The CAG made it clear that the project was a financial disaster, with a return of just 52 paise for every rupee spent on it. This “clearly indicates that the project was ab-initio (from the beginning), economically unviable.”

It further said that there was no comprehensive plan for the sources of funds for “a project of this scale, which will further have a long-term impact on the finances of the state.” This, the CAG said, “is an indication of improper planning and ad-hocism.

The BRS government, despite the high project cost, did not accord administrative approval for the entire project but instead, kept issuing separate administrative approvals for individual works on an ad-hoc basis, in violation of the provisions of the State Financial Code.

Additionally, the government heavily relied on off-budget borrowings for the project, despite telling the Central Water Commission in August 2016 that it would provide Rs 80,500 crore for the project, despite already having floated the Kaleshwaram Irrigation Project Corporation Limited for raising off-budget loans.

“The proposal to raise market loans was not informed to the CWC,” the CAG report said.

The KIPCL, formed by the BRS government to bear almost the entire cost of the project, as well as the Telangana government, will require a total of Rs 1,41,544.59 crore for servicing the debt incurred so far for the project through various borrowings. The annual repayment amounts, beginning this year, will range from Rs 14,462.15 crore which will gradually come down to Rs 712.44 crore in 2035-36, the CAG said.

The CAG report also took note of design deviations and flaws in the construction of the Medigadda, Annaram and Sundilla barrages and held the irrigation department squarely responsible for the current plight of the barrages.

Even worse for the BRS, which was in power when the project was built and put to work, the CAG said it received unsatisfactory replies from the then government to several queries, including just how much the project contributed to the Mission Bhagiratha drinking water scheme. <https://www.deccanchronicle.com/nation/in-other-news/cag-report-on-kaleshwaram-nails-previous-brs-govt-on-every-aspect-of-project-882309>

## **20. Telangana State Revenue Hits Rs 1 Lakh Crore; CAG Flags Tax Discrepancies** (*deccanchronicle.com*) 15 Feb 2024

Hyderabad: The state’s total revenue for 2020-21 amounted to Rs 1,00,914 crore, including Rs 66,650 crore in taxes. The remaining 34 per cent was through non-tax revenue (Rs 6,101 crore) and funds received from Centre (Rs 12,691 crore) and grants-in-aid of Rs 15,471 crore.

CAG report said a detailed scrutiny of 1,456 registered documents of stamp duty and registration fee revealed under assessment valuing of Rs 3.44 crore in 347 documents. As these were only illustrative and needed a deeper probe.

As regards motor vehicle taxes, non-raising of demand led to non-realisation of quarterly tax of Rs 6.18 crore while nonlevy of penalty of Rs 3.09 crore from the owners of 5,121 vehicles. In 26 offices, fitness certificates of 1,33, 871 vehicles were not renewed resulting in non-realisation of FC fees amounting to Rs 10.62 crore. The CAG said that land revenue in four offices by way of regularisation fee was short levied due to incorrect classification and incorrect adoption of market value of the land. This resulted in a short levy of regularization fee amounting to Rs 99.88 lakh in 32 cases.

In 12 offices, conversion tax was short levied due to adoption of incorrect market value of the land and penalty was not levied on deemed conversion of land. This resulted in a short levy of conversion tax and non-levy of penalty amounting to Rs 79. 76 lakh in 34 cases. <https://www.deccanchronicle.com/nation/teLANGANA-state-revenue-hits-rs-1-lakh-crore-cag-flags-tax-discrepancies-882302>

## **21. Telangana: CAG audit report on Kaleshwaram Project tabled** (*telanganatoday.com*) 15 Feb 2024

The Comptroller and Auditor General of India reports on its performance audits pertaining to the Kaleshwaram Project, Direct Benefit Transfer Scheme ‘Aasara pensions’ in Telangana for the year ending March 31, 2021 and Public Sector undertakings for the same period were tabled in the house on Thursday.

CAG reports on General, Social and Economic Sectors for the year ended March 2021 was also tabled on the day. The State Finances Audit Report for the year ended March 2022 given by the Accountant General (Audit) Telangana, Hyderabad was also tabled. <https://telanganatoday.com/teLANGANA-cag-audit-report-on-kaleshwaram-project-tabled>

## **22. Telangana: CAG suggests reforms, an end to indirect borrowings system** (*newindianexpress.com*) 16 Feb 2024

HYDERABAD: The Comptroller and Auditor General (CAG) recommended that the state government tread a reform path to end indirect borrowings within a set timeframe, as recommended by the Fifteenth Finance Commission.

The CAG also recommended the government to fully disclose its off-budget borrowings (OBB) taken through Special Purpose Vehicles/Public Sector Undertakings/Autonomous Bodies for implementation of government schemes/programmes/works in the interest of transparency.

In its report ‘State Finances Audit Report’ for the year ending March 2022, which was tabled in the Legislative Assembly on Thursday, the CAG said that in 2021-22, capital expenditure accounted for only 74% of market borrowings and 62% of the fiscal deficit. Further, 79% of the fiscal deficit was financed through market borrowings.

“Ideally, market borrowing should be utilised for the creation of capital assets as capital expenditure. Up to 2018-19, the market borrowings were lesser than capital expenditure indicating that market borrowings could have been fully utilised for the creation of capital assets. However, during the past three years, we noticed that market borrowings

were much higher than the capital expenditure indicating that they were utilised for financing fiscal deficit,” the CAG report said.

It said that the state government had a total OBB of Rs 1,18,955 crore at the end of March 2022 in respect of 12 PSUs and four autonomous bodies (ABs). However, the Telangana government did not specifically disclose the OBB in its budget documents for 2021-22.

The total outstanding debt of the state government at the end of March 2022 was Rs 3,21,612 crore. The outstanding liabilities grew by 14% over the previous year and it has nearly doubled in the last five years — the end of March 2022.

#### Repayment of debts

The maturity profile of outstanding stock of public debt as of March 31, 2022, showed that 46% (Rs 1,05,242 crore) of the total outstanding public debt was to be repaid in the next seven years. Of the Rs 45,716 crore market borrowings taken during 2021-22, the repayment schedule of Rs 29,716 crore will continue till 2032-2041. As much as 65% of loans taken during the year have short to medium-range maturity periods. In contrast, 59% of loans taken in the previous year had longer maturity periods. The interest on the borrowings during the year ranged from 6.89% to 7.37%.

### **CAG’s findings on budgetary management**

#### Dalit Bandhu not implemented

The state launched a major policy viz., CM Dalit Empowerment Programme (or Telangana Dalit Bandhu) with an original Budget provision of Rs 1,000 crore. An expenditure of Rs 4,442 crore was booked as per Appropriation Accounts. However, the audit found that the actual expenditure was only Rs 2,101 crore as of March 2022. Amounts of Rs 1,335 crore and Rs 223 crore were lying in the deposit account and bank account of Telangana Scheduled Caste Cooperative Development Corporation Limited and Rs 783 crore were with district administrators. Despite the availability of funds, of the 38,511 applications received, only 21,339 were sanctioned as of March 2022

#### Amounts unspent

Huge amounts remained unspent in the scheme for debt relief to farmers (Rs 4,462 crore), construction of two-bedroom houses (2BHK) for the rural poor (Rs 4,270 crore), construction of 2BHK houses for the urban poor (Rs 4,035 crore) and special development fund for welfare and development activities (Rs 3,898 crore). Expenditure on maintenance of irrigation projects continued to be low persistently <https://www.newindianexpress.com/states/teelangana/2024/Feb/16/teelangana-cag-suggests-reforms-an-end-to-indirect-borrowings-system>

### **23. Telangana SMDCL asked to use drones to monitor sand excavation (*newindianexpress.com*) 16 Feb 2024**

HYDERABAD: The Comptroller and Auditor General of India (CAG) has recommended that the Telangana State Mineral Development Corporation Ltd

(TSMDCCL) consider using remote sensing mapping or drone-enabled (intelligent video surveillance) technology to effectively monitor and regulate the sand excavations in the state.

The CAG found that CCTVs and weighbridges were installed at very few sand reaches and stock yards resulting in overloading of the vehicles at the time of their dispatch from the stockyards. The vehicles transporting sand were not provided with GPS and radio frequency identification devices to enable their tracking and monitoring the sand dispatch and delivery operations.

The TSMDCCL did not evolve an appropriate stock policy and stock registers, stock balances were not maintained/recorded properly, according to the CAG report on general, social and economic sectors tabled in the Assembly on Thursday.

The CAG in its recommendations asked the state government to consider incorporating suitable provisions in the new Sand Mining Policy and the Telangana State Sand Mining (TSSM) Rules to bring sand-raising contractors and pattadars under the ambit of penalty provisions for breach of any contractual obligations.

The District Level Sand Committees (DLSC) have to ensure processing of the pattadar applications within the stipulated timelines and the TSMDCCL may prepare an action plan to de-cast sand within the timelines stipulated in the agreements with the pattadars. The DLSC needs to consider allotting sand mining licenses in the Scheduled Areas to tribal societies.

The report also said that monitoring the impact of sand mining through photographing of project sites and recording the changes in the groundwater levels was not done, it said.

The TSMDCCL did not incur the committed capital and revenue expenditure toward environmental protection measures as required. It diverted Rs 162.27 crore out of Rs 171.32 crore (94.71 per cent) of road damage charges collected from 2016-17 to 2020-21 for other than the specified purposes, the report said. <https://www.newindianexpress.com/states/teelangana/2024/Feb/16/teelangana-smdcl-asked-to-use-drones-to-monitor-sand-excavation>

## **24. TELANGANA: KALESWARAM LIFT IRRIGATION PROJECT DEBT WILL BE A HUGE FINANCIAL BURDEN ON GOVT IN NEXT 14 YEARS: CAG (*globalgreenews.com*) 15 Feb 2024**

Telangana is set to have huge financial burden over next 14 years in the form of debt servicing of loans taken for construction of Kaleshwaram Lift Irrigation project: CAG Report

The Comptroller and Auditor General Report stated that the State of Telangana is set to have a huge financial burden over the next 14 years in the form of debt servicing of the loans taken for the construction of the Kaleshwaram Lift Irrigation project.

The multi-stage irrigation project lifts water from the low-lying Godavari River and channelises the water to different projects in the State. Dy Chief Minister and Finance

Minister Bhatti Vikramarka tabled the CAG report in the Assembly today. The CAG pegged the future liability on the Kaleshwaram Project towards debt servicing will work out to One lakh 41 thousand crore rupees over the next 14 years.

It further said the State had to finance the revenue deficit from market borrowings as the State registered a revenue deficit. The State government will have to repay two lakh 52 thousand crore rupees as principal and interest on the market borrowings by 2032-33 and this will put significant pressure on the government finances.

The CAG stated that the State borrowed heavily from the Budget for the Kaleshwaram project. It also said the revenue deficit was understated and non-discharge of interest liabilities also impacted the fiscal deficit. The CAG also observed that the State has been persistently trailing in respect of expenditure on the education and health sectors. <https://globalgreenews.com/2024/02/15/telegana-kaleswaram-lift-irrigation-project-debt-will-be-a-huge-financial-burden-on-govt-in-the-next-14-years-cag/>

## **25. L&T got undue benefit of Rs 227 crores from Hyderabad Metro Rail (*newindianexpress.com*) 16 Feb 2024**

HYDERABAD: Larsen & Toubro Limited, the concessionaire for the Hyderabad Metro Rail, unduly benefited to the tune of Rs 227.19 crore as per the Comptroller and Auditor General of India on Public Sector Undertakings report that was tabled in the Legislative Assembly on Thursday.

The state government needs to enforce the concession agreement conditions and contractual provisions to realise its dues from the Concessionaire, the report said. The concessionaire was allowed to fix higher fares than those envisaged under the concession agreement, it said. The audit observed that by fixing higher fares, the concessionaire had collected excess fares of Rs 213.77 crore from November 2017 to March 2020.

The delays in the finalisation of metro corridors and the acquisition of land for the Miyapur depot set back the operationalisation of the project and also resulted in cost escalation. Six stations between MGBS station and Falaknuma station on Corridor-II involving 5.12 km remain incomplete. Consequently, the project cost was bound to escalate. The stations, parking and circulation areas were not developed as envisaged. As a result, the Concessionaire was unduly benefited by Rs 227.19 crore, the report said.

As per the observations of the compliance audit of the Hyderabad Metro Rail, the project could achieve only 22% of the expected ridership. The effect of insufficient parking spaces on the ability of the project to operate at full potential in the future cannot be ruled out. The company could not enforce CA provisions relating to urban rejuvenation works and prohibition of sub-leasing of project assets before the COD of the project.

The company did not recover fair rent of the lands leased to the concessionaire and waived administrative charges. The company also did not utilise the Putlibowli commercial complex, constructed at a cost of Rs 11.68 crore, effectively for a period of five years.

The CAG in its recommendations to the state government suggested the preparation of an action plan to complete Corridor II of the project at the earliest. Otherwise, ridership will remain low, it said.

The state government may fix the responsibility of the officials concerned for allowing unauthorised deviations in the construction of station boxes, it said. The state government should take steps to provide sufficient parking and circulation areas to improve ridership and constitute a fare fixation committee at the earliest to review the fare structure, the report said.  
<https://www.newindianexpress.com/cities/hyderabad/2024/Feb/16/It-got-undue-benefit-of-rs-227-crores-from-hyderabad-metro-rail>

## **26. ‘Finances not so rosy, borrowings add to pressure’** (*timesofindia.indiatimes.com*) 16 Feb 2024

Hyderabad: The CAG report on state finances for the year ending 2022 made serious observations and recommended that the state govt fully disclose its offbudget borrowings taken through special purpose vehicles/public sector undertakings/autonomous bodies for implementation of schemes/programmes/works and maintain transparency.

### 1.4L crore debt servicing

Expressing concern over the financial condition of the state, the report said off-budget borrowings taken to the tune of 66,854 crore for execution of Kaleshwaram project will lead to debt servicing of 1.41 lakh crore for the next 14 years.

“As the state govt did not envisage any revenue stream from the project, it will be a burden on state finances,” the report mentioned.

CAG said the govt will have to repay 2,52,048 crore as principal and interest on the market borrowings by 2032- 33 and this would put significant pressure on the govt’s finances. Another strong recommendation by CAG was that govt needs to see that the gap between original and revised estimates of a budget is less and that the budget be presented on a realistic and reliable basis.

### Ensure fiscal discipline

“Particularly, the govt may ensure the estimation of nontax revenue and grants-in-aid practically. Stringent logical controls may be put in place to avoid expenditure without budget provisions/excess expenditure over and above authorisation. Departments may be advised to seek supplementary provisions only in respect of the items which could be utilised within the timeframe,” the report said.

According to the report, excess disbursement of 2,14,062 crore for the years 2014-15 to 2020-21 is yet to be regularised by the state legislature. “This violates Articles 204 and 205 of the Constitution, which provides that no money shall be withdrawn from the consolidated fund except under appropriation made by law by the state legislature,” it said.

There was an excess disbursement of 75,053 crore (including 67,174 crore on account of repayment of ways and means advances from the Reserve Bank of India) over the



authorisation made by the state legislature under 10 grants and two state finances audit reports for the year ending March 2022, CAG added. <https://timesofindia.indiatimes.com/city/hyderabad/state-finances-under-pressure-cag-report-reveals-burden-of-borrowings/articleshow/107737448.cms>

**27. T PSUs accumulated 56,000cr losses: CAG**  
(*timesofindia.indiatimes.com*) 16 Feb 2024

Hyderabad: CAG said of 83 state public sector undertakings (PSUs), 39 units, which have submitted their accounts to the audit agency, accumulated losses of 56,613 crore.

In its report, the agency said as per the 2021-2022 accounts of power sector state PSUs , major profit-making units were Singareni Collieries Company Limited (SCCL), TS Genco, TS Transco and also Telangana State Warehousing Corporation.

The profits were off-set by losses incurred by Telangana State Southern Power Distribution Company Limited (TSSPDCL) and TS Northern Power Distribution Company Limited (TSNPDCL) in power sector and losses to other corporations like TSRTC and Telangana Rajiv Swagruha Corporation Limited.

CAG report said as a result of the losses, the combined net worth of 39 state PSUs was completely eroded and stood at - 35,000 crore by March, 2022.

The agency also highlighted that TSSPDCL and TSNPDCL's outstanding to various central, state and other power generation companies increased from 20,000 crore during 2020-2021 to 27,000 crore by March, 2022. <https://timesofindia.indiatimes.com/city/hyderabad/cag-report-t-psus-accumulated-56000cr-losses/articleshow/107737566.cms>

**28. Local body polls held late, CAG flays BRS govt**  
(*timesofindia.indiatimes.com*) 16 Feb 2024

Hyderabad: The Comptroller and Auditor General (CAG) in its report found fault with the previous BRS govt for not conducting elections to urban local bodies, especially municipalities and municipal corporations, and not holding ward committee meetings, which were not constituted in some cases, as per rules and 74th constitutional amendment.

“Election should be held within six months if the civic body is dissolved and before expiry of five-year term of municipal bodies,” report said.

In Siddipet municipality there was a delay of 66 months, Khammam and Warangal 52 months, and Atchampet municipality 33 months . The term of municipal councils expired for 130 municipalities in July 2019 but polls were held in Jan 2020 due to delay in enactment of the new municipal Act by the govt and litigation on delimitation. GHMC polls were delayed for 14 months. CAG said in some civic bodies the committees were not constituted.

Ward committees should be formed in civic bodies with three lakh or more population.



The state govt in its reply to CAG claimed there was delay in constitution of ward committees and meetings could not be conducted at regular intervals due to pandemic. The govt added the ward committees were later formed in Meerpet and Nizamabad corporations and Kamareddy municipality. We also published the following articles recently <https://timesofindia.indiatimes.com/city/hyderabad/local-body-polls-held-late-cag-flays-brs-govt/articleshow/107737575.cms>

## **29. Financial Turmoil in Telangana's Ambitious Kaleshwaram Lift Irrigation Project (*bnnbreaking.com*) 16 Feb 2024**

In the heart of India's burgeoning infrastructural landscape, a colossal project aimed at transforming the barren lands of Telangana into fertile fields has come under scrutiny. The Kaleshwaram Lift Irrigation Project (KLIP), once hailed as an ambitious endeavor to secure water for the state's agricultural needs, now finds itself at the center of a financial maelstrom. The Comptroller and Auditor General (CAG) of India, in a detailed performance audit, revealed startling discrepancies in the project's cost estimates, approval processes, and economic viability, casting long shadows over its sustainability.

### **Dissecting the Numbers: A Costly Oversight**

The KLIP, designed to be a lifeline for the arid regions of Telangana, has seen its projected costs balloon from an initial estimate of ₹81,911 crore to a staggering ₹1,47,427.41 crore. This escalation, detailed in the CAG's audit reports, is attributed to changes in project scope, cost overruns, and a series of administrative and planning oversights. Notably, the audit uncovered a significant lack of proper authorization for the project's comprehensive scope, leading to a piecemeal approach to approvals and funding. The benefit-cost ratio (BCR), a critical measure of the project's economic viability, was found to be alarmingly low at 0.75, suggesting that for every rupee spent, the return is less than three-quarters of a rupee. This revelation raises acute questions about the fiscal prudence and long-term sustainability of the project.

### **Project Planning and Implementation: A Trail of Discrepancies**

At the heart of the KLIP's financial quagmire are issues related to project planning and execution. The CAG's report pointed to premature awarding of contracts and deficiencies in the preparation of Detailed Project Reports (DPRs) by Water and Power Consultants. These lapses, coupled with a lack of comprehensive administrative approval, have not only inflated costs but also led to undue benefits to contractors and avoidable financial losses to the state. The audit also spotlighted off-budget borrowings amounting to ₹8,911.01 crore, a maneuver that further obscures the project's true financial footprint. The culmination of these factors has put the project's completion and operational efficacy in jeopardy, with incomplete works and potential for financial hemorrhage due to post-tender price adjustments.

### **The Ripple Effects: Beyond the Balance Sheets**

The KLIP's financial turbulence is more than a ledger issue; it's a narrative of ambition clashing with reality. The project's initial goal to revolutionize Telangana's agricultural landscape now faces the daunting challenge of justifying its economic and environmental costs. The CAG's audit not only highlights the need for stringent project management and financial oversight but also serves as a cautionary tale for similar

large-scale infrastructure projects. It underscores the importance of detailed planning, transparent processes, and rigorous financial viability assessments before embarking on such monumental undertakings.

In the broader context of India's infrastructural ambitions, the audit findings from the Kaleshwaram Project, along with other scrutinized initiatives like the Direct Benefit Transfer Scheme 'Aasara pensions' and the functioning of Public Sector Undertakings, paint a picture of systemic challenges. These challenges span project conception, execution, and oversight, necessitating a reevaluation of current practices to safeguard public resources and ensure the intended benefits of such projects reach the populace.

As the dust settles on this expansive audit, the lessons gleaned from the Kaleshwaram Lift Irrigation Project's scrutiny will resonate far beyond Telangana's borders. They beckon a shift towards greater accountability, improved project management, and a balanced approach to development that prioritizes both economic viability and sustainability. In the end, the quest for infrastructural development must harmonize with the principles of fiscal responsibility and environmental stewardship, ensuring that today's monumental projects do not become tomorrow's cautionary tales. <https://bnnbreaking.com/politics/financial-turmoil-in-telanganas-ambitious-kaleshwaram-lift-irrigation-project>

### **30. CAG Uncovers ₹254 Crore Fraud in Telangana Government's Sheep Rearing Scheme (*bnnbreaking.com*) 16 Feb 2024**

In a striking exposition of fiscal mismanagement, the Comptroller and Auditor General of India (CAG) has unearthed a massive fraud within the confines of the Telangana government's sheep rearing scheme. Launched with the noble intention of providing sustainable livelihoods to traditional shepherd families in 2017, the scheme has instead become a hotbed for financial irregularities and suspected fraudulent activities, with a financial implication to the tune of ₹254 crore. This revelation not only questions the integrity of the scheme's implementation but also casts a long shadow over the governance mechanisms in place.

#### **The Genesis of a Scandal**

At the heart of this scandal lies a series of manipulations and deceitful practices that have siphoned off substantial public funds earmarked for the upliftment of shepherd communities. The audit conducted by the CAG paints a damning picture of the operational flaws within the scheme. It was found that the scheme was marred by lack of transparency, with fraudulent activities ranging from the circulation of fake invoices to the dubious transportation of sheep units. More bewildering was the discovery of the recycling of sheep, a practice that directly undermines the scheme's objective of expanding the sheep population amongst beneficiary families.

#### **A Web of Deceit**

Digging deeper into the malpractices, the CAG report highlighted a series of orchestrated fraudulent activities that were nothing short of sophisticated. Among these were manipulated transport invoices, the use of non-existent vehicles for the transportation of sheep, and the alarming duplication of ear tags meant to identify sheep units. The audacity of the fraud was such that there were instances of sheep being

transported in vehicles that defy logic and feasibility, including small goods carriers, tractors, and even two-wheelers and autos. The financial discrepancies unearthed amounted to a staggering ₹253.93 crore, a sum that reflects not just financial loss but a breach of trust placed by the shepherd communities in the government's intentions.

#### Unraveling the Truth

The investigation into these irregularities was not solely the endeavor of the CAG. The Anti Corruption Bureau, stepping into the fray, has taken a pivotal role in dissecting the layers of this fraud. Their findings corroborate the CAG report, shedding light on the intricate details of the scam. The Animal Husbandry and Fisheries Departments, under whose aegis the scheme was being implemented, now find themselves at the center of a storm that questions the very foundation of their operations. The Telangana State Sheep and Goat Development Cooperative Federation, envisioned as a beacon of hope for the shepherd communities, is now tarnished by allegations of enabling a scheme that was exploited by a nexus of corrupt officials and middlemen.

In the wake of these revelations, the narrative of the Telangana government's sheep rearing scheme has taken a drastic turn. What was initiated as a venture to empower and elevate the economic conditions of traditional shepherd families has devolved into a cautionary tale of corruption and mismanagement. The uncovering of this fraud serves as a critical lesson in the necessity of rigorous oversight and transparency in the implementation of government schemes. It also underscores the importance of accountability, not just in the context of safeguarding public funds, but in upholding the trust and faith of communities that stand to benefit from such initiatives.

<https://bnnbreaking.com/politics/cag-uncovers-254-crore-fraud-in-telangana-governments-sheep-rearing-scheme>

### **31. CAG Unveils 2BHK Housing Scheme Shortcomings: Hyderabad's Political Tensions and Accountability (*bnnbreaking.com*)** 16 Feb 2024

In the heart of Hyderabad, political tensions and accountability issues have surfaced, shedding light on the challenges and controversies surrounding the Telangana government's ambitious 2BHK Housing Scheme. This initiative aimed at providing affordable two-bedroom houses to the underprivileged has hit a snag, as revealed by the Comptroller and Auditor General of India (CAG). With financial mismanagement, fund diversion, and delays in identifying beneficiaries, the scheme's noble intent is overshadowed by inefficiency and unfulfilled promises.

#### Under the Microscope: The 2BHK Housing Scheme's Shortcomings

The CAG's report is not just a document; it's a stark revelation of the gap between promise and performance. Despite the Telangana government's commitment to eradicating homelessness among the state's poorer citizens, the reality tells a different story. A mere 48% of the sanctioned houses under the scheme have been completed, and a staggering 96% remain unoccupied. This isn't just about bricks and mortar; it's about the dreams of thousands who envisioned a roof over their heads, now hanging in the balance due to the government's inability to efficiently identify and allocate these homes to deserving beneficiaries.

The report doesn't mince words, pointing out the glaring financial mismanagement and fund diversion that have plagued the project. It's one thing to earmark funds for a welfare scheme, but it's another to ensure that every penny is utilized towards its intended purpose. The CAG has called for immediate action, stressing the need for prioritizing beneficiary selection, ensuring transparency in house allotment, and establishing effective monitoring mechanisms to steer the scheme back on course.

#### Political Fray and Accountability

The unveiling of the CAG report coincided with a heated exchange in the Hyderabad Assembly between Minister Komatireddy Venkat Reddy and former minister Kadiyam Srihari. The bone of contention? The implementation of the six guarantees and other welfare schemes, including the contentious 2BHK Housing Scheme. The opposition's critique of the government's ability to take credit for job notifications issued during the BRS rule added fuel to the fire.

Minister Venkat Reddy's retort to the opposition's allegations was sharp, accusing them of frustration over their electoral defeat and their failure to fulfill promises. However, his criticism extended beyond political promises to a more personal level, highlighting the lack of empathy shown by BRS leaders towards the family of a home guard tragically killed in an accident involving MLA Lasya Nandita's car. This incident, although separate, underscores the perceived disconnect between the ruling party's actions and the welfare of the citizens they serve.

In response, Srihari issued a cautionary note to the Chief Minister, A Revanth Reddy, advising vigilance with individuals like Venkat Reddy within his ranks. This back-and-forth not only reflects the political dynamics at play but also emphasizes the need for accountability and empathy in governance, especially when it comes to schemes that impact the lives of the underprivileged.

#### Looking Ahead: The Road to Redemption

As the dust settles on the assembly's debates and the CAG's findings, the focus must shift back to the 2BHK Housing Scheme's original goal: providing dignified, affordable housing to those in need. The recommendations put forth by the CAG offer a blueprint for redemption, emphasizing the urgent need for transparent, efficient, and empathetic implementation. The scheme's success or failure will not just be a reflection of the government's performance but a testament to its commitment to the welfare of its citizens.

The challenges highlighted by the CAG and the political debates surrounding the 2BHK Housing Scheme serve as a reminder of the complexities involved in translating well-intentioned policies into tangible outcomes. For the thousands awaiting the keys to their new homes, the path forward is clear: prioritize beneficiary selection, ensure transparency, and establish effective oversight. Only then can the scheme hope to fulfill its promise and provide a foundation for a better future for Telangana's underprivileged. <https://bnnbreaking.com/politics/cag-unveils-2bhk-housing-scheme-shortcomings-hyderabad-political-tensions-and-accountability>

### **32. Design defects led to damages to Kaleshwaram barrages: CAG Politics** (*deccanchronicle.com*) 16 Feb 2024

Hyderabad: The CAG said that design faults resulted in the damages — that began in November 2019 — to the Medigadda barrage, as well at the Annaram and Sundilla barrages of the Kaleshwaram lift irrigation scheme (KLIS).

The CAG said that these designs were prepared by the Central Designs Organization of the irrigation department. The CAG said that after the gates of the barrages were closed after the 2019 floods, it was found that the reinforced cement concrete wearing coat and cement concrete blocks on the downstream side were washed away, resulting in a loss of Rs 180.39 crore, the amount spent on these works.

Deccan Chronicle had on October 24, 2023 — three days after the sinking of a portion of the Medigadda barrage came to light — reported that possible design flaws caused the barrage to sink.

The CAG said that studies by the irrigation department revealed that the damage was caused due to high discharge velocities of the water and inadequate provision for energy dissipation works.

The CAG report also said that the department approached the contractor for taking up the repairs estimated to cost Rs 476.03 crore, but was told that the work was executed strictly as per designs and drawings approved by the department and under the supervision of the department engineers.

The report said that although the department claimed that the contractor was liable to take up the repairs under the ‘defect liability period’ clause, the government’s contention was “not correct as more than three and half years elapsed,” by the time the rectification works were sought to be executed.  
<https://www.deccanchronicle.com/nation/politics/design-defects-led-to-damages-to-kaleshwaram-barrages-cag-882325>

### **33. CAG audit finds irregularities in BRS benefit disbursements** Politics (*deccanchronicle.com*) 16 Feb 2024

Hyderabad: An audit by the Comptroller and Auditor General of India (CAG) found multiple irregularities in the implementation of flagship direct benefit transfer (DBT) schemes of the previous BRS regime, including but not limited to Aasara pensions, Rythu Bandhu and Rythu Bima.

The report said, on average, pensions to 2.3 lakh beneficiaries — roughly six per cent of the total — remained undisbursed from April 2018 to March 2021.

A cross-check of Aasara beneficiaries and ‘Samagra Kutumba Survey (SKS)’ data revealed that 19 per cent of households that did not figure in the SKS data and 16 per cent of households ineligible for pension were included as beneficiaries, indicating ineffective verification and identification processes.

The CAG noticed irregular and inappropriate sanction of pensions, resulting in payment of Rs 535.39 crore under the categories of disabled (Rs 71.90 crore), bidi workers (Rs 446.96 crore) and single women (Rs 1.70 crore) to more than one member in a household.

Similarly, analysis of the Rythu Bandhu data from 2018 to 2020 by juxtaposing it with Aasara pension beneficiary details revealed that persons owning land more than the eligible limits — as prescribed in the Aasara pension rules — showed that undue benefits of Rs 67.41 crore were given in the period. Analysis of Rythu Bima data from August 2018 to February 2020, alongside Aasara beneficiary details, revealed that a pension benefit of Rs 90 lakh was irregularly paid to 367 deceased beneficiaries beyond their date of death.

Analysis of transport department data, as of May 2017, alongside Aasara beneficiary details, revealed that an undue benefit of Rs 51.98 crore was passed on to ineligible beneficiaries having four-wheelers.

Analysis of stamps and registration data with Aasara beneficiary details revealed that a benefit of Rs 31.42 crore was extended to persons involved in the registration of assets of more than Rs 10 lakh each.

The beneficiaries identified as ineligible by the government were not weeded out, resulting in irregular payment of Rs 1,175 crore to 2.02 lakh ineligible beneficiaries in all, the report stated.

Best Fingerprint Detection (BFD) authentication failure for nine per cent of the beneficiaries in March 2021 resulted in payments through biometric authentication of the panchayat secretary or bill collector. Repeated failure of BFD authentication ranging from 7 to 30 months was noticed for 21,536 beneficiaries, who were paid Rs 58.33 crore, the audit found.

On average, a survey of 480 beneficiaries found that 32 (7 per cent) were ineligible for the pension benefit as per their own statement. Of these, the government confirmed the ineligibility of 15 beneficiaries.

Irregularities in benefits:

Rs 1,175 crore paid to 2.02 lakh ineligible beneficiaries

32 of every 480 beneficiary households surveyed were found ineligible

Scheme-wise irregular payment totals:

Aasara pension: Rs 535.39 crore

Rythu Bandhu: Rs 67.41 crore

Rythu Bima: Rs 90 lakh

Transport: Rs 51.98 crore

Stamps and registration: Rs 31.42 crore

<https://www.deccanchronicle.com/nation/politics/cag-audit-finds-irregularities-in-brs-benefit-disbursements-882324>

### **34. TS lagging in education, health expenditures, finds CAG** (*deccanchronicle.com*) 16 Feb 2024

Hyderabad: The CAG found Telangana state to be persistently lagging in expenditures on education and healthcare sectors, with eight per cent and four per cent allocations made respectively in the Budgets during the BRS regime.

In 2021-22, despite increased revenue receipts (at 26 per cent), Telangana state failed to register a revenue surplus for a third consecutive year while the BRS government continued to present “revenue surplus budgets” every year, the report stated.

As the state registered a revenue deficit, it had to borrow from the market. The state government will have to repay Rs 2,52,048 crore in principal and interest on market borrowings by 2032-33, which would put significant pressure on government finances.

The other two fiscal targets, namely ratios of fiscal deficit to GSDP and total outstanding liabilities to GSDP, were also not achieved by the state in 2021-22. The revenue deficit of Rs 9,335 crore was understated by Rs 1,157 crore due to nondischarge of interest liabilities on account of certain misclassifications between revenue and capital expenditure, it stated.

Apart from its total liabilities of Rs 3,14,663 crore, the state is also liable to pay principal and interest on account of its offbudget borrowings (OBB) to an extent of Rs 1,18,955 crore.

Taking into consideration the OBB and other liabilities serviced from the state Budget, the ratio of debt to GSDP would be 37.77 per cent, which is 12.77 per cent higher than the set target of 25 per cent, as per FRBM Act. This is also 8.47 per cent above the norms of 29.30 per cent, as prescribed by the XV Finance Commission.

The CAG noted that there was no progress in the apportionment of assets and liabilities between Andhra Pradesh and Telangana after 2018-19, indicating a lack of emphasis on apportionment.

A review of Budget components revealed that non-tax revenue and grants-in-aid were projected abnormally. Consequently, Budget estimates for expenditure were also overestimated, resulting in unspent provisions across several grants, the CAG said.

Data as of March 2022:

39 SPSUs clocked accumulated losses of Rs 56,613.77 crore –

Rs 35,008 crore was the combined net worth

Major profit-making SPSUs in 2021-22



Singareni Collieries: Rs 1,227.04 crore

TS Power Generation Corporation Limited: Rs 394.46 crore

Transmission Corporation of Telangana Limited: Rs 86.27 crore

Telangana State Warehouse Corporation: Rs 109.21 crore

Major loss-making SPSUs in 2021-22

TS Southern Power Distribution Company Limited: Rs 626.8 crore

TS Northern Power Distribution Company Limited: Rs 204.03 crore

TS Road Transport Corporation: Rs 1,986.59 crore TS Housing Corporation Limited: Rs 817.16 crore

Telangana Rajiv Swagraha Corporation Limited: Rs 324.23 crore  
<https://www.deccanchronicle.com/nation/politics/ts-lagging-in-education-health-expenditures-finds-cag-882322>

### **35. CAG: सीएजी रिपोर्ट का दावा, कालेश्वरम है आर्थिक रूप से कमजोर, 1.47 लाख करोड़ रुपये से अधिक लागत (amarujala.com) 16 Feb 2024**

नियंत्रक एवं महालेखा परीक्षक (सीएजी) की एक नई रिपोर्ट में गुरुवार को कहा गया कि दुनिया की सबसे बड़ी मल्टी-स्टेज लिफ्ट सिंचाई परियोजना के रूप में चर्चित कालेश्वरम परियोजना की लागत अब 1.47 लाख करोड़ रुपये से अधिक होने की संभावना है। लेकिन, केंद्रीय जल आयोग (सीडब्ल्यूसी) ने अनुमान लगाया है कि यह 81,911 करोड़ रुपये है।

पिछली बीआरएस सरकार की प्रमुख परियोजना के प्रदर्शन ऑडिट पर सीएजी की रिपोर्ट विधानसभा में पेश की गई थी। सीएजी ने यह भी पाया कि यह परियोजना शुरू से ही आर्थिक रूप से अलाभकारी थी। खासकर पिछले साल मेदिगड्डा बैराज के कुछ घाटों के डूबने के बाद कालेश्वरम परियोजना विवादों में घिर गई है।

चुनाव में हार का कारण माना जा रहा बैराज में नुकसान राष्ट्रीय बांध सुरक्षा प्राधिकरण (एनडीएसए) ने नवंबर में पाया कि मेडीगड्डा बैराज गंभीर रूप से क्षतिग्रस्त हो गया है। जब तक इसे पूरी तरह से पुनर्निर्मित नहीं किया जाता तब तक यह बेकार हो जाता है। हाल के विधानसभा चुनावों में बीआरएस की हार का एक बड़ा कारण बैराज को हुए नुकसान को माना जा रहा है।

क्या है कालेश्वर परियोजना

बता दें कि कालेश्वरम परियोजना तत्कालीन अविभाजित आंध्र प्रदेश राज्य द्वारा तैयार की गई डॉ. बी आर अंबेडकर प्राणहिता-चेवेल्ला सुजला श्रवणथी लिफ्ट सिंचाई योजना (पीसीएसएस परियोजना) की एक शाखा है।

सीएजी रिपोर्ट के कार्यकारी सारांश में कहा गया है कि तेलंगाना सरकार ने पूरी परियोजना के लिए प्रशासनिक मंजूरी नहीं दी है। इसके बजाय अलग-अलग मंजूरी जारी की है।

क्या कहती है रिपोर्ट

रिपोर्ट के मुताबिक परियोजना (मार्च 2022) पर किए गए 86,788.06 करोड़ रुपये के कुल व्यय में से, 55,807.86 करोड़ रुपये (64.3 प्रतिशत) का व्यय KIPCL (कालेश्वरम सिंचाई परियोजना निगम लिमिटेड) द्वारा उठाए गए ऑफ-बजट उधार (ओबीबी) से पूरा किया गया था।

इसके साथ ही परियोजना का लाभ-लागत अनुपात (बीसीआर) बढ़ा दिया गया था। 81,911.01 करोड़ रुपये की कम बताई गई परियोजना लागत के साथ भी, बीसीआर 0.75 बैठता है। रिपोर्ट में आगे बताया गया है कि नवीनतम संभावित परियोजना लागत (1,47,427.41 करोड़ रुपये) को ध्यान में रखते हुए, बीसीआर 0.52 बैठता है। <https://www.amarujala.com/india-news/damning-cag-report-says-kaleshwaram-economically-unviable-2024-02-16>

### **36. Kerala's Gender Budget must include performance reports for transparency of women-specific schemes: CAG (*thehindu.com*) 15 Feb 2024**

The Comptroller and Auditor General (CAG) of India wants performance reports to accompany proposals for the Gender Budget to ensure transparency in public spending on women empowerment in Kerala.

“Unless the provisions and allocations for gender budgeting are translated into effective implementation of the schemes followed by robust monitoring mechanism, the entire objective of gender budgeting would remain defeated,” the CAG’s audit report on State finances for the year ended March 31, 2022, tabled in the Kerala Assembly on February 15 (Thursday), noted.

The Kerala government should insist government departments to submit performance reports along with the proposals for the Gender Budget of the current year “to bring about transparency in public spending for the socio-economic empowerment of women in the State through various schemes,” the report said.

Since 2017-18, the Kerala government has been placing the Gender Budget along with the State Budget documents in the Assembly as a separate statement. It has two parts – Part A which covers 90%-100% women-specific schemes and Part B which covers schemes that are 30% to 90% women-specific.

Examining State Plan outlays from 2017-18 to 2021-22, the CAG noted that the growth in allocation for Part A schemes has been slower compared to Part B schemes. The percentage of outlay for Part A schemes rose from 4.52% in 2017-18 to 7.29% in 2020-21 and dipped to 6.54% in 2021-22. Part B outlay rose from 6.90% to 13% in 2021-22. Although the 2019-2020 Gender Budget had envisaged a statement on the financial performance of schemes, it was not done.

#### **Monitoring and control mechanism**

On the State Budget in general, the CAG has urged the government to institute an “appropriate Budget monitoring and control mechanism.”

The government should also ensure that government departments are submitting Budget proposals that reflect their financial requirements “to the closest possible.” A

thorough scrutiny by the Finance department is essential to avoid unrealistic estimates from getting passed in the Budget, the CAG said. <https://www.thehindu.com/news/national/kerala/keralas-gender-budget-must-include-performance-reports-for-transparency-of-women-specific-schemes-cag/article67848882.ece>

### **37. CAG wants Kerala government to maintain updated data on all land assignments made in the State (*thehindu.com*) 15 Feb 2024**

Flagging irregularities in land assignment to clubs, individuals and other entities, the Comptroller and Auditor General (CAG) has asked the Kerala government to maintain an “updated consolidated data” of all land assignments made in the State.

The Compliance Audit Report for the year ended March 2022, tabled in the Assembly on Thursday, also noted that assignments on registry “should not merely be a tool for regularisation of land encroachment.”

The CAG report observed that in Idukki district, records/files in respect of 95% cases (325 out of 343 lease cases) were not available. “The largescale loss of vital records could also be a deliberate attempt to weaken the position of government in respect of claim to land,” it noted.

The CAG has asked the government to prescribe a limit for the area of land that can be assigned on registry for purposes other than house sites in municipal and Corporation limits.

The report cites several instances where lease rents on land were neither being revised nor collected regularly. Irregularities range from improper maintenance of land records and assignment of land to ineligible individuals or without realising the market value to illegal occupation and misuse of government land.

The audit noticed 11 cases where government land was unauthorisedly occupied owing to non-renewal of lease. The pending lease rent in these cases totalled ₹254.15 crore. The 11 lessees included KTDC (Bolghatty Palace), Steel Industrials Ltd Kerala, All saints College and Fort High School in Thiruvananthapuram, Cochin Club in Ernakulam, Rifle Club in Kozhikode, and Kerala Feeds Ltd.

In the case of the District Football Association, Thiruvananthapuram, audit found that 20 cents of puramboke land at Vanchiyoor leased to it in 1976 at ₹1/cent, was rented out for furniture sales for ₹35,000 a month. The report notes another instance where a portion of the land leased out to the Trivandrum Tennis Club (TTC) was let out to an oil company.

“The audit noticed that the (Revenue) department did not resume the land with respect to TTC even after being recommended by Public Accounts Committee 10 years ago.”

In the cases of the Women’s Club and Sri Mulam Club in Thiruvananthapuram, the CAG had called for the lease files from the government for scrutiny. However, it got the reply “that the files relating to Women’s Club had been destroyed while those relating to Sri Mulam Club were not traceable.”

<https://www.thehindu.com/news/national/kerala/cag-wants-kerala-government-to-maintain-updated-data-on-all-land-assignments-made-in-the-state/article67849969.ece>

### **38. CAG report rips into Kerala Govt's off-budget borrowings, tax revenue** (*english.mathrubhumi.com*) 16 Feb 2024

Thiruvananthapuram: The latest audit report from the Comptroller and Auditor General (CAG) criticizes the state government for its off-budget borrowings.

The report submitted in the state assembly on Thursday indicates that the state's offbudget borrowings had increased. In dissent note submitted alongside the audit report, Finance Minister K.N. Balagopal remarked that CAG's findings were already rejected by the Public Accounts Committee and the State Assembly earlier. The report on the state's finances for the year ended March 31, 2022, observed that besides borrowings made by the Kerala Infrastructure Investment Fund Board (KIIFB) and the Kerala Social Security Pension Ltd (KSSPL), the state had relied on short-term borrowings to settle pending bills of contractors through the bill discounting system.

In 2019, Principal Accountant General (Accounts and Entitlement) S. Sunil Raj made a similar observation in his audit report. However, the assembly dismissed these findings.

The stand-off between the state government and CAG has recently intensified after Sunil returned to the state as Principal Accountant General (Accounts and Entitlement). Sunil previously served as director general in the Office of the Comptroller and Auditor General of India, New Delhi.

The overall debt, including off-budget borrowings (outstanding liabilities of KIIFB, KSSPL and deferred liabilities through the bill discounting system) is Rs 3,83,267.15 crore. The effective total liabilities after excluding the GST compensation of Rs 14,505.31 crore received as a back-to-back loan would be Rs 3,68,761.84 crore. If the Government continues to borrow year after year, it would lead to the accumulation of debt, and the Government would have to pay more and more by way of interest, it says in the report.

As per the audit report, KIIFB has taken a loan of Rs 7762.78 crores, and KSSPL took Rs 6550 crores. The outstanding debt in loans of KSSPL till March 2022 amounts to Rs 11,206.49 crores. CAG notes that the state had borrowed Rs 1601.72 crores from banks through the bill discounting system.

As a result, the CAG report claims that the non-disclosure of off-budget borrowings in the state budget led to an understatement of government liabilities by Rs 25,874.39 crore.

The report also points out that the off-budget borrowing will have an impact on increasing the liabilities of the state, leading to a debt trap over a period of time.

The revenue expenditure of the state increased from Rs 99,948.35 crore in 2017-18 to Rs 1,46,179.51 crore in 2021-22, recording a growth of 46.26 per cent during the

fiveyear period. Meanwhile, the revenue receipts also recorded an increase from Rs 83,020.14 crore in 2017-18 to Rs 1,16,640.24 crore in 2021-22, recording a growth of 40.50 per cent during the last five years.

The report also mentioned the inefficiencies of the state's tax collection by pointing out that its "...revenue receipts increased by only 25.57 per cent during the period and its share in revenue receipts decreased from 55.96 per cent in 2017-18 to 50.02 per cent in 2021-22, indicating poor collection of tax revenue during the pandemic period." <https://english.mathrubhumi.com/news/money/cag-report-rips-into-kerala-government-s-off-budget-borrowings-1.9329398>

### **39. CAG finds fault with Kerala's off-Budget borrowings again** (*thehindu.com*) 16 Feb 2024

Off-Budget borrowings have yet again drawn the criticism of the Comptroller and Auditor General (CAG) of India whose latest audit report was tabled in the Kerala Legislative Assembly on February 15 (Thursday).

Apart from borrowings made by the Kerala Infrastructure Investment Fund Board (KIIFB) and the Kerala Social Security Pension Ltd (KSSPL), the borrowings under a bill discounting system also have drawn flak this time.

The report on State finances for the year ended March 31, 2022 observed that the Kerala government had resorted to short-term borrowings for settling pending bills of contractors through the bill discounting system. The promissory notes issued during the year (2021-22) amounting to ₹1,601.72 crore remained unsettled, but the accounts did not reflect this.

"This has consequently resulted in deferment of clear-cut liabilities to the next financial year with an avoidable interest liability," the report noted.

'Debt trap'

The latest CAG report has repeated the warning sounded in past reports that unchecked off-Budget borrowings could lead the State into a "debt trap."

According to the report, "off-Budget borrowings have increased the overall liabilities of the State from ₹3,57,392.76 crore to ₹3,83,267.15 crore as on March 31, 2022." During 2021-22, the KIIFB raised off-Budget loans amounting to ₹7,762.78 crore and the KSSPL, ₹6,550 crore.

Kerala Finance Minister K.N. Balagopal's observations on the matter were also tabled in the Assembly along with the CAG report. It noted that the audit report reiterates observations "that were rejected by the Public Accounts Committee and the State Assembly."

The Minister defended KIIFB and KSSPL borrowings, while asserting that the CAG report "loses sight of the fact that it is because of the State's wide security net through the KSSPL that it has been able to keep poverty below 1%, which is the lowest in the country."

On the bill discounting system, Finance department sources said the practice was started in 2014 under the United Democratic Front (UDF) government as a short-term financial adjustment measure. <https://www.thehindu.com/news/national/kerala/cag-finds-fault-with-keralas-off-budget-borrowings-again/article67849067.ece>

#### **40. CAG Audit Highlights Need for Performance Reports in Kerala's Gender Budgeting** (*bnnbreaking.com*) 16 Feb 2024

In an era where transparency in public spending is more than a demand—it's an expectation—the Comptroller and Auditor General (CAG) of India has cast a spotlight on the fiscal mechanisms underpinning women's empowerment in Kerala. On a detailed examination of the state's finances for the year ending March 2022, the CAG has underscored the crucial need for performance reports to accompany Gender Budget proposals. This recommendation is not merely a bureaucratic requisite; it's a clarion call for ensuring that every rupee allocated towards the empowerment of women is spent wisely and yields tangible socio-economic benefits.

##### Unveiling the Layers of Gender Budgeting

The concept of Gender Budgeting is revolutionary in its approach to public spending, aiming to address the economic disparities faced by women through targeted financial allocations. Kerala, a state often lauded for its progressive policies, has been at the forefront of this initiative. However, the CAG's audit report reveals a complex narrative of growth disparities between women-specific schemes categorized under Part A and Part B of the Gender Budget from 2017-18 to 2021-22. Part A schemes, which are designed to benefit women directly by 90%-100%, have witnessed a slower growth in allocation compared to Part B schemes, which include initiatives that indirectly benefit women to the tune of 30%-90%. This discrepancy illuminates the nuanced challenges in achieving true gender parity through fiscal policy.

##### The Call for Enhanced Accountability

The CAG's recommendations highlight a broader issue at play: the efficacy of implementation and monitoring mechanisms in gender budgeting. Without robust oversight and the integration of performance reports, the noble objective of gender budgeting risks falling short of its transformative potential. The audit report serves as a timely reminder to the government to institute an appropriate budget monitoring and control mechanism. Such a step is not just about rectifying disparities; it's about institutionalizing a culture of accountability and transparency in the empowerment of women.

##### Charting a Path Forward

The findings and recommendations of the CAG are more than a bureaucratic assessment; they are a mirror reflecting the state's commitment to gender equality. As Kerala continues to navigate the complexities of socio-economic empowerment for women, the insights from the CAG's report could serve as a guiding light. The introduction of performance reports alongside Gender Budget proposals could mark a significant leap towards transparency, ensuring that the allocation of funds is matched by measurable outcomes. This is not merely an administrative reform; it is a step towards redefining public spending as a catalyst for real change in the lives of women across Kerala.



In essence, the CAG's audit report is a watershed moment for gender budgeting in Kerala. It underscores the pressing need for transparency and accountability in public spending for women's empowerment. By addressing the disparities in allocation and emphasizing the importance of effective implementation and monitoring, the report lays down a roadmap for future action. As Kerala strives to uphold its reputation as a state that prioritizes gender equality, the recommendations of the CAG could herald a new era of fiscal accountability and empowerment for women. The journey towards gender equality is fraught with challenges, but with the right mechanisms in place, every step forward is a step towards a more equitable society. <https://bnnbreaking.com/politics/cag-audit-highlights-need-for-performance-reports-in-keralas-gender-budgeting>

#### **41. CAG Report Unveils Land Management Irregularities in Kerala** (*bnnbreaking.com*) 16 Feb 2024

In a revealing assessment of land management practices, the Comptroller and Auditor General (CAG) of India has cast a spotlight on glaring irregularities in the state of Kerala. The audit unearthed not only instances of land being assigned to undeserving individuals but also financial discrepancies costing the government dearly. At the heart of the findings is a call for the Kerala government to overhaul its data management to prevent future missteps.

##### **A Deep Dive into Systemic Flaws**

The CAG's scrutiny laid bare a concerning scenario in Idukki district, where an astonishing 95% of lease case records were conspicuously missing. This alarming gap in documentation raises questions about potential deliberate oversights, undermining the government's grip on valuable land assets. Furthermore, the audit revealed a lackadaisical approach to lease management, with rents neither revised nor collected regularly. This negligence has led to 11 cases of land occupation without lease renewal, accruing pending lease rent amounting to a staggering ₹254.15 crore. The implication of these findings points towards a systemic flaw in land management and assignment practices, necessitating immediate and stringent corrective measures.

##### **The Cost of Complacency**

Adding insult to injury, the report details how the state's exchequer suffered a significant blow by waiving the lease amount for two prestigious clubs in the capital. This move alone resulted in a loss of Rs 29 crore, a sum that could have contributed to the state's development projects or welfare schemes. Moreover, the audit criticized the government's penchant for off-budgetary borrowing, a practice that obscures the true state of public finances and compromises fiscal transparency. These financial irregularities and the lack of accountability highlight a disconcerting trend of governance that risks eroding public trust and hampering economic stability.

##### **Recommendations and Reforms**

In light of these findings, the CAG has put forth a series of recommendations aimed at rectifying the identified lapses. Central to these is the establishment of updated and consolidated data of all land assignments, a move that would significantly mitigate the risk of similar irregularities occurring in the future. Additionally, the audit underscores the necessity for a cap on the area of land that can be assigned on registry for non-house



site purposes within municipal and corporation limits. These recommendations, if implemented, could pave the way for a more transparent, equitable, and efficient land management system in Kerala, ensuring that land assignments are merited and aligned with the market value.

As the state grapples with the fallout of these revelations, the CAG report serves as a crucial wake-up call. It highlights the urgent need for reform in land management and fiscal practices to safeguard public assets and ensure equitable development. The lessons drawn from Kerala's experience could also resonate with other states, prompting a nationwide introspection on land assignment practices and fiscal management. Ultimately, the path to rectification lies in embracing transparency, accountability, and stringent oversight – principles that are fundamental to good governance and public trust. <https://bnnbreaking.com/politics/cag-report-unveils-land-management-irregularities-in-kerala>

## **42. Salary, pension load more than revenue in Kerala: CAG** *(newindianexpress.com)* 16 Feb 2024

THIRUVANANTHAPURAM: The revision of government employees' salary and pension in line with the recommendations of the 11th Pay Commission dealt a severe blow to the state's finances, the CAG report for the year 2021-22 has said.

The state government's spending on salary and pension increased by Rs 25,000 crore to Rs 72,678.77 crore, which was higher than the state's own revenue of Rs 68,803.03 crore, the report, tabled in the Kerala assembly on Thursday, said.

"The expenditure on salaries and wages increased by Rs 17,012.62 crore, 59.14% growth, in 2021-22 when compared to 2020-21. It contributed to 31.32% of the total revenue expenditure. Salaries and wages, as a percentage of revenue receipts, increased from 29.47% in 2020-21 to 39.25% in 2021-22," said the report. The expenditure on pension and retirement benefits increased by Rs 7,955.84 crore compared to the previous year.

"The drastic increase in salaries and wages, 59.14%, and pension, 42%, is due to the revision of salary and pension implemented from April 2021. The increase in financial burden on account of salaries and pension was Rs 24,968.46 crore," it said. Since the expenditure on salary and pension was higher than the state's own revenue, the government had to resort to borrowings to meet its committed liability, which had a consequent impact on the interest payment as well, it said. Over 82.29% of the total revenue receipts was spent on salary, pension and interest payments.

### Debt burden

The report said the state did not achieve any targets fixed in its Medium-Term Fiscal Plan or the Kerala Fiscal Responsibility (KFR) Act in 2021-22. The fiscal deficit to GSDP ratio of the state was 5.10 against the targeted 4. It also flagged the increasing debt liability. The overall debt of the state, including off-budget borrowings by KIIFB and KSSPL and deferred liability through the Bill Discounting System for government contractors, was Rs 3,83,267.15 crore. The effective total liabilities, after excluding the

GST compensation of Rs 14,505.31 crore received as back to back loan, was Rs 3,68,761.84 crore.

“If the government continues to borrow year after year, it would lead to the accumulation of debt and the government would have to pay more by way of interest. These Interest payments themselves contribute to the debt,” it said. The increase in debt reduces capital formation and growth but would also be a “burden on future generations”, according to the report.

#### Central transfers

The Central tax transfers stood at Rs 17,820.09 crore in 2021-22, an increase of 54.15% over the previous year. This was attributed to the increase in direct taxes and indirect taxes by Rs 3,155.69 crore, 43.90% and Rs 3,104. crore, 71%, respectively. The Grant-in-Aid from the Union government contributed to 25.73% of the total revenue receipts. <https://www.newindianexpress.com/states/kerala/2024/Feb/16/salary-pension-load-more-than-revenue-in-kerala-cag>

### **43. CAG-Finance Minister spat over off-budget borrowings** (*newindianexpress.com*) 16 Feb 2024

THIRUVANANTHAPURAM: The customary dispute between the central auditor and the Kerala government on off-budget borrowings (OBBs) like the KIIFB erupted this year too after the CAG tabled its report in the assembly. The CAG reiterated its stand that OBBs increased the liabilities of the government. This time, besides the KIIFB and Kerala Social Security Pension Limited (KSSPL), it also found fault with the Bill Discounting System (BDS) for contractors and listed it under the OBB liability.

BDS is a form of short-term borrowing resorted by the government to overcome paucity of funds. Under it, the government issues promissory notes to contractors who opt for BDS against their pending bills. Contractors can get prompt payment of bills by discounting it at their banks. The promissory notes pending settlement as on 31 March 2022 was Rs 1601.72 crore. As per the report, the government resorted to OBBs amounting to Rs 15,914.50 crore in 2021-22. OBBs through KIIFB was Rs 7,762.78 crore, through KSSPL was Rs 6,550 crore and through BDS was Rs 1,601.72 crore. They led to an understatement of government liabilities in the state budget by Rs 25,874.39 crore, the report said.

The report said OBBs will have an impact of increasing the liabilities of the state government, leading to a debt trap. As these borrowings are not disclosed in the budget, the legislature is unaware of creation of such liabilities, it said.

Finance Minister K N Balagopal, said the CAG’s observations on KIIFB were earlier rejected by the Public Accounts Committee and the assembly. “The borrowings of KIIFB are on the basis of government guarantees and are, therefore, not direct liabilities of the state. They are only contingent liabilities particularly since KIIFB also funds remunerative projects and generates its own income,” he said.

Borrowings by KSSPL are only for liquidity management and to ensure welfare pensions to over 60 lakh beneficiaries in the state are not delayed due to any cash

management

issues.

<https://www.newindianexpress.com/states/kerala/2024/Feb/16/cag-finance-minister-spat-over-off-budget-borrowings>

#### **44. CAG Unveils Off-Budget Borrowings: A Call for Fiscal Transparency and Prudence (*bnnbreaking.com*) 16 Feb 2024**

In a recent revelation, the Comptroller and Auditor General (CAG) has cast a spotlight on the financial maneuvers that skirt the edge of fiscal prudence within a state's governance. At the heart of the matter is the state government's increasing reliance on off-budget borrowings, a practice that, while not illegal, raises questions about transparency and fiscal responsibility. The CAG's detailed audit, scrutinizing the fiscal year ending March 2022, unveils a complex web of financial obligations that extend beyond the conventional budgetary disclosures, urging a pivotal shift towards more transparent governance.

##### **Unveiling the Veil of Off-Budget Borrowings**

The crux of the CAG's critique centers on the state's escalating engagement in off-budget borrowings, notably through entities like the Kerala Infrastructure Investment Fund Board (KIIFB) and the Kerala Social Security Pension Ltd (KSSPL). These borrowings, while crafted to bypass direct scrutiny on the state's budget, cumulatively contribute to an overarching financial burden. The audit underscores the reliance on such mechanisms, including short-term borrowings to clear pending bills through a bill discounting system, painting a picture of fiscal expediency overshadowing prudent financial planning. The total debt, accentuated by off-budget borrowings, stands at a staggering Rs 3,83,267.15 crore, with effective liabilities pegged at Rs 3,68,761.84 crore.

##### **The Path to Transparency and Fiscal Prudence**

The CAG's report does not merely diagnose the issue but also prescribes a remedial pathway. It emphasizes the urgency for the state government to curtail indirect borrowings, aligning with the advisories of the Fifteenth Finance Commission. The essence of the recommendation lies in the call for full disclosure of off-budget borrowings undertaken through Special Purpose Vehicles, Public Sector Undertakings, and Autonomous Bodies. Such transparency, the CAG argues, is not just about fiscal hygiene but about restoring faith in the state's governance mechanisms. The audit reveals a concerning trend where, in the fiscal year 2021-22, capital expenditure accounted for a mere 74% of market borrowings and 62% of the fiscal deficit, underscoring a mismatch in financial allocation versus asset creation.

##### **A Fiscal Tightrope: Balancing Act between Development and Debt**

The state's fiscal narrative is a tightrope walk between development aspirations and the looming specter of debt. The CAG's findings illuminate a trajectory of ballooning debt, nearly doubling over the last five years to touch Rs 3,21,612 crore by March 2022. This exponential rise, coupled with a lack of comprehensive disclosure in budget documents, hints at a precarious fiscal future. The audit's insights into the state's financial health and the pitfalls of obscured borrowings serve as a clarion call for a strategic reevaluation of fiscal policies. It's a tale of caution, underscoring the need for a balance between

nurturing development through judicious borrowing and avoiding the quagmire of a debt trap.

In the grand tapestry of fiscal governance, the CAG's audit report emerges as a critical narrative, pushing the boundaries of conventional budgetary analysis. It beckons a move towards greater accountability, transparency, and ultimately, a more sustainable fiscal path. The implications of the report extend beyond the immediate fiscal year, offering a blueprint for reform that could redefine the state's financial architecture. As the state navigates the complexities of development financing, the lessons from this audit could well chart the course for a more resilient and transparent fiscal future. <https://bnnbreaking.com/politics/cag-unveils-off-budget-borrowings-a-call-for-fiscal-transparency-and-prudence>

#### **45. CAG Slams Kerala Govt, Says Borrowing through KIIFB Has Increased State's Liability** (*menafn.com*) 16 Feb 2024

A report tabled by the Comptroller and Auditor General (CAG) in the Assembly has criticised the state-owned Kerala Industrial Infrastructure Fund Board (KIIFB). The report stated that the state's borrowing through KIIFB has increased the liability of the government. It rejected the state's claim that KIIFB loan is not a liability to the government.

The CAG report mentioned about KIIFB borrowings for the financial year 2021-22.

The CAG report stated that Rs 11206.49 crore arrears of the pension company is also an additional liability of the government. KIIFB has no revenue of its own and it will not be able to get away with paying off the debt from the revenues through the budget. Government responsibilities were diminished by unreported extra-budgetary borrowing, says the report.

The CAG report also said that the financial resources were made beyond the control of the legislature.

The state's debt is increasing, according to the CAG report. When the revenue income increased by 19.49 per cent, the revenue expenditure also increased. There is criticism in the report that 19.98 percent of the revenue income is used to pay interest.

The CAG report states that there were significant anomalies in the distribution of land as well. The undeserving received the land. There was no charge for the market price. The allotted land was even used for commercial purposes.

The government has suffered significant financial losses as a result of late lease and rent extensions. To stop the unauthorised selling of leasehold land, nothing was done. There was no implementation of the idea to make lease registration mandatory. The CAG report further claims that a loss of Rs 29 crore resulted from the waiver of rent for two clubs in the capital. <https://menafn.com/1107855327/CAG-Slams-Kerala-Govt-Says-Borrowing-Through-KIIFB-Has-Increased-States-Liability>

**46. Discuss Delhi Jal Board audit report in Assembly: Delhi BJP unit ups the ante** (*newindianexpress.com*) 16 Feb 2024

The Delhi unit of BJP on Thursday demanded that the report of the Delhi Jal Board (DJB) audit, conducted by the Comptroller and Auditor General (CAG), be discussed immediately on the floor of the Assembly, alleging “massive corruption in the DJB.”

“According to the CAG audit, there has been massive corruption in the DJB for the fiscal year 2017-18. We demand that the audit report be discussed immediately,” Delhi BJP chief Virendra Sachdeva said.

Sachdeva said, that according to the CAG audit, the accounts of the Jal Board are not being fully disclosed; the accounts that are being shown are not reliable. He said, as per the rules, accounts need to be deposited with the CAG within three months of the end of the financial year. But according to the CAG, no accounts have been deposited by the DJB since 2015, and these accounts have been active even in 2021.

“Not only this, the Jal Board has reported a total loss of Rs 766.31 cr for the fiscal year 2017-18, but after the audit, this loss has been revealed to be Rs 1933.07 cr,” he said.

Sachdeva said the DJB had informed the CAG in writing that there had been a loss of Rs 9306.20 cr, but when the accounts were deposited, losses worth only Rs 2747.79 cr were found.

“This means there is no account of the Rs 6558.41 cr. The Jal Board also stated there was Rs 10.12 cr in cash in hand, but when it was audited, only Rs 58 lakh were found. This means that according to their own written account, the Jal Board is unable to account for a total of Rs 9.54 cr,” he said.

The Delhi BJP chief alleged that the DJB has shown checks in transit of Rs 974.58 cr, but only checks worth Rs 8.06 cr have been confirmed.

The Delhi government has stated in its response that they have a total loan of Rs 26,238 cr and an interest of Rs 25,257 cr on it. But on the other hand, the DJB says that it has a loan of Rs 26,238 cr and an interest of Rs 19,151 cr on it, Sachdeva said.

“But when audited by the CAG, it has been found that the loan is Rs 21,540 cr and the interest is Rs 22,447 cr . There is a direct scam of Rs 5,000 cr . This is why the Jal Board has not responded to the 21 letters written by the CAG,” the Delhi BJP chief alleged.

‘Concealing accounts, flouting rules’

Sachdeva said, according to the CAG audit, the accounts of the Jal Board are not being fully disclosed; the accounts that are being shown are not reliable. As per the rules, accounts need to be deposited with the CAG within three months of the end of the financial year. But, the CAG says, no accounts have been deposited by the DJB since 2015. <https://www.newindianexpress.com/cities/delhi/2024/Feb/16/discuss-delhi-jal-board-audit-report-in-assembly-delhi-bjp-unit-ups-the-ante>

## **SELECTED NEWS ITEMS/ARTICLES FOR READING**

### **47. Defence Acquisition Council approves projects worth around Rs 80,000 cr: Report** (*economictimes.indiatimes.com*) 16 Feb 2024

The Defence Acquisition Council, chaired by Defence Minister Rajnath Singh approved projects worth around Rs 80,000 crore, ETNow reported citing sources on Friday.

The DAC has reportedly approved the procurement of air defence control radar, among other military equipment during the meeting.

During the recently announced Interim Budget for FY25, the Central government penciled in Rs 6.21 lakh crore for the defence sector, 4.72 per cent higher than the previous year's allocation of Rs 5.94 lakh crore.

This amount accounted for around 13 per cent of the overall Budget which was presented by Union Finance Minister Nirmala Sitharaman in the Parliament on February 1.

Out of all the ministries, the Defence Ministry continued to get the largest amount. A significant portion of this, 27.67 per cent, goes towards capital; 14.82 per cent goes towards revenue expenditures for operational readiness and sustenance; 30.68 per cent goes towards pay and benefits; 22.72 per cent goes towards defence pensions; and 4.11 per cent goes towards civil organisations under the MoD.

Defence capital spending is still trending upward and encouraging "Aatmanirbharta" (self-reliance).

Budgetary allocation for capital expenditure in Defence for FY 24-25 is Rs 1.72 lakh crore which is 20.33% higher than the actual expenditure of FY 22-23 and 9.40 % more than the Revised Allocation of FY 23-24. The allocation is in line with the Long Term Integrated Perspective Plan (LTIPP) of the three Services aimed to fill the critical capability gaps through modernisation of the Armed Forces by materialising some big ticket acquisitions in FY 2024-25. The enhanced budgetary allocation will facilitate in equipping the Armed Forces with state-of-the-art, niche technology lethal weapons, Fighter Aircraft, Ships, Platforms, Unmanned Aerial Vehicles, Drones, Specialist Vehicles etc. <https://economictimes.indiatimes.com/news/defence/defence-acquisition-council-approves-projects-worth-around-rs-80000-cr-report/articleshow/107748928.cms?from=mdr>

### **48. We mustn't spread India's social sector spending too thin** (*livemint.com*) 16 Feb 2024

India unhesitatingly desires to grow" were the words echoed by our former finance minister, the late Arun Jaitley, when he presented the Narendra Modi government's first Union budget a decade ago. Its focus was conspicuously on poverty reduction, increasing employment opportunities, equitable development and fighting these challenges under the government's pet phrase for collective development, "Sab ka



Saath, Sab ka Vikas." New words have been added to it, like "Sab ka Vishwas" (collective trust) and "Sab ka Prayaas" (collective effort), highlighting the push for good governance and self-reliance. As of 2022, there were 740 central sector schemes (fully funded by the Centre) and 65 centrally sponsored schemes (financed by the Centre and implemented by state governments). Last year, finance minister Nirmala Sitharaman, while presenting the budget for 2023-24, highlighted the Centre's vision for India's journey towards its centennial year of independence. It included a focus on aims like the economic empowerment of women, integrating artisans and craftspeople with micro, small and medium enterprise (MSME) value chains, and promoting tourism and green growth.

In the interim budget for 2024-25, we again see the government's tilt in rhetoric towards social inclusion and justice, with talk of a development approach that is "all-round, all-pervasive and all-inclusive." As per *The Indian Economy: A Review* released by the department of economic affairs, the government's expenditure on social services has increased at a compound annual growth rate (CAGR) of 5.9% between fiscal years 2011-12 and 2022-23, with capital spending on these services growing at a CAGR of 8.1% over the same period. However, in 2022-23, the share of social-sector expenditure fell below 20%, at 18% of the annual budget. Looking at centrally sponsored schemes, an 8.9% change has been observed between the 2023-24 revised and 2024-25 budget estimates. We see a 3.3% change for central sector schemes between the 2023-24 revised and 2024-25 budget estimates, with the latest allocation set at ₹14,94,296 crore. The 2024-25 interim budget also saw an increase of 28.4% in the allocation for the social justice and empowerment ministry from the 2023-24 revised estimate.

At the same time, we see that the total expenditure in subsidies fell in 2023-24 by 28.3% from the revised estimate of 2022-23. Fertilizer and other subsidies, such as for agricultural price support, also fell. This trend continued in the 2024-25 budget, with the expenditure on food subsidies down by 3.3% over the 2023-24 revised estimate, and the fertilizer-subsidy outlay down by about 13%. Total outlays on subsidies fell by 7% in the current budget.

As for expenditure on particular schemes, the biggest hit had been suffered by the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), with a nearly 33% fall in the allocated budget in 2023-24 from 2022-23. The ₹60,000 crore for 2023-24 was the lowest in four years, though it was revised to ₹86,000. The same sum has been earmarked in the interim budget. However, compared to other major schemes, it is still high; the PM Awas Yojana, for example, has a lower outlay. That said, it has been opined that India's rural job guarantee scheme continues to be underfunded, given the dependence of millions of people on it for employment.

The rhetoric of acting in favour of "the poor" has always been a part and parcel of the Indian policy discourse. This is particularly evident in budget speeches and expenditures. If we study budget speeches closely, there have been subtle attempts at redefining 'poverty' in India. The definition has broadened from a conservative focus on income and consumption to include factors like health, education and housing. Even when there is no mention of "inequality" or "redistribution of wealth," the country's social-sector priorities have traditionally been driven by the larger focus on poverty reduction. This was fused with the idea of "social justice," which has been a central aspect of the ideological approach of the current government.



While criticism has been levelled at the incumbent government, arguing that its welfare schemes are built on a foundation laid by its predecessors, the problem at hand is a rather peculiar one. Our social sector suffers from a mix of inadequate budgeting combined with overcrowding of schemes. As a result, existing schemes receive inadequate allocations, which adversely impacts the lives of people dependent on them.

In February 2021, the Indian government had embarked on a mission to streamline its 131 centrally sponsored schemes and reduce them to 65 by 2022, with a total allocation of ₹442,781 crore. That year saw 157 central and centrally sponsored schemes in operation, with each receiving funding in excess of ₹500 crore.

At another level, the sheer number of schemes presents some risks. Identifying beneficiaries for multiple schemes involves many logistical and bureaucratic steps that can cause delays in their implementation. Additionally, these welfare schemes can be used for political gains, which leads to overcrowding, confusion, fiscal leakages and under-funding. The question facing us is whether we need more schemes or adequate funding to strengthen existing schemes. The answer is the latter. <https://www.livemint.com/opinion/online-views/we-mustnt-spread-india-s-social-sector-spending-too-thin-11708010776338.html>